



Daily Report

China

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General

Further on Reaction to Taiwan Officials' Travel

Lien Chan Visits Prague

OW2306121195 *Beijing China Radio International*
in English
to Western North America 0400 GMT 23 Jun 95

[Report by Xue Hui from the "Current Affairs" program]
[FBIS Transcribed Text] The Chinese Foreign Ministry spokesman says it is up to the U.S. side to take concrete action to remove the harmful effects on Sino-U.S. relations brought about by Li Denghui's [Li Teng-hui's] visit to the United States.

At Thursday's news conference, Foreign Ministry spokesman Chen Jian said the U.S. side has proposed holding so-called high-level talks with China. However, through his interpreter, he suggested such a move was not enough. [passage indistinct]

Regarding the trip made by Taiwan's Lian Zhan [Lien Chan] to Prague and his arranged meeting with the president and prime minister of the Czech Republic, Chen Jian says it is a serious political issue. [passage indistinct] Chen Jian says such a practice by the Czech Republic has seriously contravened the principles of the establishment of relations between China and the Czech Republic and harmed the feelings of the Chinese people. He says China has lodged a strong protest against the Czech Government, and China reserves the right to react further.

When asked about when Ambassador Li Daoyu will return to America, Chen Jian says Li Daoyu is still the Ambassador to America, but when he will be sent back is not under consideration at the moment.

Also at the press conference the spokesman released the information that Chinese President Jiang Zemin will visit Finland, Hungary and the Federal Republic of Germany from 1 to 15 July 1995.

Japan Told Not To Allow Visits

OW2306133395 *Tokyo KYODO* in English
1307 GMT 23 Jun 95

[FBIS Transcribed Text] Beijing, June 23 KYODO — Chinese Vice Foreign Minister Tang Jiaxuan on Friday warned a delegation from Japan's largest opposition party, Shinshinto (new frontier party), about allowing officials from Taiwan to visit Japan.

Tang told the delegation, led by Michihiko Kano, "if Japan permits (the visit by Taipei officials) to happen like the United States did, it would put China-Japan relations in the greatest danger."

Last week, pro-Taipei lawmakers in Japan urged the government to allow Taiwan president Li Teng-hui to visit Japan in fall to attend the Asia-Pacific Economic Cooperation (APEC) forum in Osaka or to visit his undergraduate alma mater, Kyoto University.

Tang cautioned against allowing Lee or Vice Premier Hsu Li-teh to attend the APEC meeting.

Hsu attended opening ceremonies at last year's Asian games in Hiroshima, after Li declined an invitation to attend in the wake of vehement protests from Beijing.

Li traveled to the U.S. earlier this month to visit Cornell University in New York, where he earned a doctoral degree in agricultural economics in 1968.

Beijing, which considers Taiwan a renegade province, protested Lee's trip and ordered its ambassador home from Washington.

Tang, who visited North Korea earlier this month, said North Korean officials explained that poor weather in recent years had led to the "difficulties in the food situation" there.

North Korea is seeking rice from South Korea and Japan to cover harvest shortfalls.

Tang also said North Korean officials gave no indication of any specific plan to formally name Kim Chong-il as leader of the Workers Party of Korea.

Kim had been expected to assume the titles of North Korean president and party general secretary shortly after the death last July of his father, president Kim Il-song.

As the first anniversary of the elder Kim's death nears, however, Kim Chong-il has yet to assume the presidency or party leadership.

U.S. Taiwan Policy Criticized

OW2506135695 *Tokyo MAINICHI SHIMBUN*
in Japanese 25 Jun 95 Morning Edition p 2

[By Kazuaki Iida]

[FBIS Translated Text] Beijing, 24 Jun — In his 24 June meeting with New Frontier Party Chairman Toshiki Kaifu, Chinese President Jiang Zemin commented on Taiwanese President Li Teng-hui's trip to the United States. Jiang strongly criticized a policy change by President Clinton, who once decided to reject accepting Li but eventually approved his entry to the United States. This is the first time the Chinese leader referred to this issue since the Sino-U.S. relations became complicated over President Li's trip to the United States.

Moreover, Jiang said that "although the United States always says its actions are right, this will have no effect on China." He also said, "The United States cannot deal with China as if it were old China (ruled by the world Powers). In China, a leader — no matter who he is — will face opposition from the people if he compromises on the (Taiwan) issue."

Hong Kong, Taiwan, U.S. Viewed

OW2306150895 Beijing Central People's Radio in Mandarin to Taiwan 2200 GMT 22 Jun 95

[Report by station reporter Xin Di; from the "News and Current Events" program]

[FBIS Translated Excerpt] On 22 June, Foreign Ministry spokesman Chen Jian fielded reporters' questions on the Hong Kong issue, Lian Zhan's [Lien Chan] visit to the Czech Republic, and Sino-U.S. Relations. Following is a report by our station reporter Xin Di:

[Begin recording] [Xin Di] At a 22 June news briefing, a reporter asked: Vice Premier Qian Qichen announced seven principles for handling issues in Hong Kong after 1997. These seven principles have aroused the concern of the people in Hong Kong and Taiwan. Please comment on this. Chen Jian said:

[Chen Jian] While the principles [put forth by Qian Qichen on relations between Taiwan and Hong Kong after 1997] are made in the light of new problems and new issues of the current times, I believe that the spirit of the principles remains consistent with those [set out by Beijing] 11 years ago. After China resumes the exercise of sovereignty over Hong Kong in 1997, the relationship between Taiwan and Hong Kong will be one between two internal regions of China. (?In fact), so long as residents from Taiwan do act against the Basic Law, any problem can be resolved. Our stand will not change. Therefore, foreign residents in Hong Kong need not worry about these principles. [passage omitted on Lian Zhan's visit to the Czech Republic, covered in referent item]

[Xin Di] A reporter asked: To express indignation over the U.S. permission for Li Denghui's [Li Teng-hui] visit, will the Chinese Government impose trade sanctions on the United States? The spokesman said:

[Chen Jian] It is China's foreign policy not to enter into confrontation with any other nation. [Passage omitted] As President Jiang Zemin has said, we seek cooperation and avoid confrontation in Sino-U.S. relations. This policy of ours has remained unchanged. The current serious (?setback) in Sino-U.S. relations is not caused by the Chinese side's action, but by the U.S. side's violation of the principles laid out in the three Sino-

U.S. joint communiques. It is up to the U.S. side to take appropriate action to remove the harmful effects of this (?incident) so that Sino-U.S. relations can be returned to the rightful course of the three joint communiques. (?If this is not resolved,) it will of course affect Sino-U.S. relations.

[Xin Di] A reporter asked: What practical action does the Chinese Government want the U.S. Government to take to solve the current problem in Sino-U.S. relations? Chen Jian said:

[Chen Jian] Upon meeting with foreign visitors, Chinese leaders have said what we demand from the United States. The U.S. side should be aware of this. I have stated time and again in my capacity as a spokesman that the U.S. side should take practical action to show its return to the course of the three joint communiques. [end recording]

CPPCC's Li Ruihuan Gives Interview

Views Deng, Reform

OW2506142895 Beijing XINHUA Domestic Service in Chinese 1000 GMT 25 Jun 95

[FBIS Translated Text] Sao Paulo (Brazil), June 25 (XINHUA) — Li Ruihuan, chairman of the National Committee of the Chinese People's Political Consultative Conference [CPPCC] reviewed here on 23 June the positive and negative experiences gained by China in the process of its economic reform and opening up to the outside world. He stressed the need to pay special attention to bring people's initiatives into full play; to uphold realistic approach and pragmatism; to carefully handle the relationship between reform, development, and stability; and always to pay attention to controlling the intensity of reform, the pace of development, and the extent of stability.

Li Ruihuan made the statement in a joint interview with reporters from Brazilian Global Television, the "QINGKAN" [transliteration as received] magazine, and the "SAO PAULO STATE NEWS."

[Reporter] What are the positive and negative experiences China has gained in the process of its economic reform and opening up to the outside world?

[Li] When a large country like China, which has a population of 1.2 billion and a relatively weak economic foundation, successfully carries out reform on such a grand scale, it undoubtedly will accumulate plenty of experience. There is a good case then for saying it will not be easy to accurately and systematically summarize this experience. To summarize the most important experiences, we have three positive ones. The

first positive experience is to pay special attention to bringing people's initiatives into play. All our reforms and related principles, policies, rules and regulations, and measures are aimed at bringing people's initiatives into full play and having social potential fully tapped to liberate and develop the productive forces. The second one is to put special emphasis on pragmatism and a realistic approach. This refers to doing concrete work, performing concrete deeds, and striving to proceed from reality in every aspect of work. It refers to putting practice in the first place and using the social practice of hundreds of millions of people to overcome difficulties, resolve problems, and push forward work in every field. We must both emancipate the mind and seek truth from facts, trying our best to integrate the two and bring unity to them. The third one is to handle carefully the relationship between reform, development and stability. In the process of modernization, we have always stressed the importance of controlling the intensity of reform, the pace of development, and the extent of stability. This is because it determines the success of reform and construction and China's overall situation.

The negative experiences can also be divided into three categories. The first was lack of experience, another was mistakes in our work, and the last was the by-product of success in reform. For example, some localities seek more than they can handle in economic construction and aspire for quick results. The scale of construction was overextended, and the mix of investment was not quite rational. Another example is that some localities, having recognized the principle of material benefits, ignored the building of spiritual civilization. As a result, certain harmful social phenomena have resurged. Still another example is that although, as a result of the opening to the outside world, we have absorbed many good things from foreign countries, there have also been unnecessary, repetitive imports. On certain occasions, we have failed to give due emphasis to our own special characteristics. All this has aroused our attention, and we have taken practical measures to resolve the problems. Our attitude is to encourage the positive and overcome the negative in order to advance and develop in the course of promoting positive and overcoming negative experiences.

[Reporter] How is Deng Xiaoping's health? What impact will his succession [ta di jiao jie 0100 4104 0074 2234] have on China's political stability and reunification?

[Li] To my knowledge, Comrade Deng Xiaoping is in good health [jian kang Zhuang kuang liang hao 0256 1660 3692 0400 5328 1170] at present, and speculation overseas about his health is groundless.

Comrade Deng Xiaoping has performed immortal feats for the Chinese revolution and construction. He enjoys high prestige among the Chinese people. The Chinese people sincerely wish him good health and a long life. His good health and long life are good fortune for the Chinese people. One of his extraordinary contributions is his meticulous arrangements made long ago for matters of vital importance to China's development. The theory of building socialism with Chinese characteristics founded by him has become the guiding ideology for national construction. His call for persistent adherence to the party's cardinal principles without wavering for 100 years has been fully accepted by the whole of the Chinese people. The workstyle advocated by him in which reality is valued, attention is paid to economic affairs, and further concrete deeds are performed has become the prevailing practice in the entire party. Particularly, the third generation of central leading collective with Comrade Jiang Zemin as the core, which was formed under his direction, is united and strong and has the support of the whole party and the whole nation. In our view, that is, in the Marxist view, the masses of people will ultimately determine the destiny of history. The Chinese people, who have experienced the sufferings from social upheavals over a long period of time in the past, know very well the common people will be the victims of any upheaval. Now that they have enjoyed the fruits of the policy of reform and opening up to the outside world over the past 10 years or more, they all the more sincerely support the current line, principles, and policies. The Chinese people have full confidence in the future, and China has a bright future.

[Reporter] Some countries have criticized China for carrying out dumping. People have generated controversy over the issues of "social dumping" and "signs of greening [lu se biao zhi 4845 5331 2871 1807]." What are your comments?

[Li] The Chinese Government has always pursued policies of fair and free foreign trade, and opposed dumping in international trade. China is actively striving to restore its status in the GATT as a founder member and join the World Trade Organization. We are willing to work to safeguard fair and free international trade.

Li Ruihuan said: To make use of cheap labor in developing countries, many developed countries have purposely set up factories in these developing countries. Are these developed countries not carrying out "dumping" themselves? I believe: Developed countries, with their powerful economies and advanced technology, have occupied a dominant place in world trade, while developing countries, with lower living standards and cheap labor, have relative advantages in the export of some labor-intensive and lower-cost products. The developing coun-

tries increase the export of these products, and then use most of the foreign exchange they earn from the exports to import essential equipment and technology for their national development from the developed countries. The developed countries have benefited first from the cheap products provided by developing countries, and again from the export of their products to developing countries at monopolistic prices. Certain countries that accuse developing countries of "dumping" are actually trying to find excuses to practice trade protectionism. I believe: Such an accusation against developing countries is harmful to developing countries, and is unnecessarily beneficial to developed countries in the long run. Developed countries' markets in these developing countries, which cannot regularly export their products, will subsequently shrink. Developing countries should, of course, at the same time improve their export management.

Li Ruihuan said: The so-called "signs of greening" issue is one on the relationship between trade and environment. Mankind has made progress. Today, it is a pleasant situation and a major improvement that mankind is paying more and more attention to environmental protection issues. The Chinese Government attaches importance to environmental protection and has made very remarkable efforts in this regard. We have formulated a series of relevant regulations and policies and attained outstanding results in related tasks.

Li Ruihuan said: Practice shows that efforts to strengthen environmental protection involve issues not only of conceptual understanding, but also of economic strength and scientific and technological standards. Imposing excessive and over-restrictive environmental protection requirements on developing countries is tantamount to prohibiting developing countries from developing and utilizing their resources and permanently remaining in an undeveloped state.

We must point out: The various pollutions of our planet have not occurred over a short period of time, and developed countries should be held principally responsible for the present situation as well as for their past action. As of now, some developed countries have transferred pollution through various formats to developing countries. Mankind has only one earth. While screening and improving the environment, developed countries should shoulder heavier responsibilities and give more support to developing countries.

Li Ruihuan also answered reporters' questions on ways to develop Sino-Brazilian friendship and cooperation and on China's stance regarding the private economic sector.

Denies Allegations of 'Dumping'

OW7506044395 Beijing XINHUA in English
0419 GMT 25 Jun 95

[FBIS Transcribed Text] Sao Paulo, June 25 (XINHUA) — Li Ruihuan, chairman of the National Committee of the Chinese People's Political Consultative Conference (CPPCC), has rapped the accusation by some countries that China has carried out "dumping."

In an interview with Brazilian reporters here Friday [23 June], Li denounced such an accusation against China by saying that the Chinese government always stands for fair and free trade, and is opposed to the act of dumping in the international trade.

He said the Chinese government is making active efforts to restore its status in the GATT as a founding member and join the World Trade Organization.

"China is willing to work to maintain free and fair international trade," Li said.

He said that the developed countries, with their powerful economies and advanced technology, are occupying a dominating place in the world trade while the developing countries have relative advantages in exporting some labor-intensive lower cost products.

Because of the lower living standards in the developing countries, Li said, these countries have to export some products made with cheap labor and then import essential equipment for their national development from the developed countries with most of the money they earn from their exports.

The developed countries have benefited first from the cheap products provided by developing countries and again from the products they export to developing countries with monopoly prices, the Chinese official noted.

"Some developed countries have set up factories in the countries where labor is cheap. If there is so-called social dumping, then we would say that it is these countries that are carrying out dumping," Li said.

Those who accuse developing countries of doing social dumping are actually trying to find excuses for practising trade protectionism, he said.

Such accusation against developing countries is not only harmful to the developing countries, but also in the long run to the developed countries, he said.

Li noted the developing countries should of course at the same time improve their management in export.

EU To De-link Trade From Human Rights Issue
HK2406060095 Hong Kong EASTERN EXPRESS
in English 24 Jun 95 p 8

[By Didi Tatlow]

[FBIS Transcribed Text] A influential committee of the European Union (EU) has signalled it will stop putting pressure on China and other countries in the region over the sensitive issue of prison labour, saying it believed market forces operating in the international community will eventually bring about improvements in the conditions of forced labour behind bars.

The revelation is contained in an internal document from the EU's Foreign Affairs and Defence Committee, seen by Eastern Express, and is part of a broader trend within the EU to follow the United States in the de-linking of trade and human rights issues.

There is "considerable room for concern" over prison labour conditions in some countries in the region, the report admits, but notes "a recent tendency to relate the improvement of working conditions to progress in trade liberalisation". Asian countries' admission to the World Trade Organisation is crucial to this trend of improving conditions in forced labour, the report says. The EU strongly support China's bid to enter the World Trade Organisation.

The report is part of the council's response to new Asia proposals recently presented by the EU's Executive Commission, and reveals that the EU plans to further revise its traditionally strong human rights stance. In a series of key questions, it asks how it is possible to square a "concern for human rights" with "the need to develop, with some chance of success, the new Asia strategy advocated by the commission". It suggests a new definition of human rights should be found and "given priority in this case".

Most importantly, it suggests the possibility that "the strictness of any [human rights] requirements should vary in accordance with economic or strategic considerations". Current United Nations practice on the human rights question "offered an example" of this theory, the report noted. The new Asia strategy divides the region into three major groups, with China in the East Asian bloc along with Japan, Taiwan and Mongolia.

The new strategy aims to raise the profile of Europe in the region, but the strategy, though generally welcomed in the EU, has run into some objections. In a letter to the Foreign Affairs Committee, the less influential Development and Cooperation Committee warned that economic interests should not allow for the Tibet question to "sink into oblivion", and criticised the

commission for attributing "unacceptably low attention" to environmental questions.

In particular it criticised the commission's "uncritical" attitude towards Asia as a market for lucrative nuclear energy exports. China has announced plans to expand its nuclear power generating capacity by the year 2000 to meet a 10 per cent annual growth in demand. Profile-raising measures will include closer co-ordination of member states' activities in the region.

The EU commissioner Leon Brittain is understood to be frustrated by the individualist approach by the member states particularly towards China, where a unified approach could win bigger and more lucrative trade deals. Currently the EU only manages some 8 per cent of the total European financial assistance to China, but this may change with a proposal to set up a co-financing facility which aims to bring together initiatives by member states under the umbrella of "Europa Houses" and business and cultural centres across China.

DPRK Plans To Abolish Armistice Agreement
SK2606004695 Beijing China Radio International
in Korean 1100 GMT 25 Jun 95

[FBIS Translated Text] Jim Coles, spokesman for the U.S. Forces Command in the ROK, stated on 24 June that the DPRK had already formally notified the U.S. Forces Command of its intention to abolish the Armistice Agreement.

According to reports, the DPRK will officially declare the abolition of the Armistice Agreement today, the 45th anniversary of the Korean War. Saying it recognizes the Armistice Agreement as a mere scrap of paper in light of the current situation on the Korean peninsula, the DPRK is demanding that the DPRK and the United States sign a new peace treaty that will replace the Armistice Agreement.

In a statement released on 24 June regarding the DPRK's action, Coles said: The United States strongly refuses all DPRK unilateral acts that amend, annul, and abolish the Armistice Agreement. The United States recognizes that the Armistice Agreement can be amended only with the consent of all sides concerned.

Coles also stated: The United States recognizes the signing of a new peace treaty is a matter mainly between the DPRK and the ROK.

Further Reportage on Auto Trade Negotiations

OW2606003495 Beijing XINHUA in English
2141 GMT 25 Jun 95

[FBIS Transcribed Text] Geneva, June 25 (XINHUA)
— After four days of intensive negotiations on their car trade dispute, both U.S. and Japanese negotiators said today that no major progress is being made.

"I wouldn't say we've started making rapid progress yet. We have a very long way to go," said U.S. Trade official David Burns after expert-level talks at the Japanese mission in Geneva this afternoon.

Yoshihiro Sakamoto, Japan's Vice Minister of Industry and Trade, also told reporters this afternoon that the two sides are still very far apart on the major issues.

It is now certain that when U.S. Trade Representative Mickey Kantor and Japanese Trade Minister Ryutaro Hashimoto arrive in Geneva for their evening encounter Monday [26 June], they will not face a ready agreement to just sign upon.

"The two ministers will have a very big agenda," U.S. Chief negotiator Jeffrey Garten said.

Kantor and Hashimoto will have to iron out all the differences in three days, or Japan would be hit by 5.9 billion dollars worth of trade sanctions from the United States, which is due to go into final effect at 4 a.m. (gmt) on June 29.

Asked if the threat of sanctions is producing some effect on the ongoing negotiations, Ira Shapiro, another U.S. Chief negotiator, said it is contributing to the seriousness of the discussions.

Japanese negotiators said however that they did not feel bound by the deadline. "We consider it as nothing but a deadline set by American national law," said Sakamoto after his meeting with Shapiro and Garten this afternoon.

There are now speculations that given the complexity of the dispute, the two sides might have to be content with an agreement on general principles of opening up Japan's cars and parts market and leave the technical details to be dealt with later.

But some U.S. officials had ruled out the possibility. "We have to settle everything in Geneva," David Burns stressed.

United States & Canada**Further on Reaction to Li Teng-hui's U.S. Visit****U.S. Playing 'Taiwan Card'**

HK2306141595 Hong Kong TA KUNG PAO
in Chinese 18 Jun 95 p A2

[From the "Weekly Essay" column, article by Kung Yao-wen (7895 5069 2429): "Anti-China Forces in the United States Should Not Imagine That They Can Play the 'Taiwan Card'"]

[FBIS Translated Text] Beijing Adopts Two Measures in a Row

China's Foreign Ministry announced yesterday that in light of the current state of Sino-U.S. relations, the Chinese Government has decided to recall its ambassador to the United States, Li Daoyu, to report on his work. The day before, the Taiwan Affairs Office under the State Council announced: The second Wang-Koo [Ku] meeting cannot be held as scheduled.

The "two-man act" jointly performed by the U.S. Congress and Bill Clinton which allowed Li Teng-hui to visit the United States has shaken the foundation of Sino-U.S. relations. The United States attempted to play the "Taiwan card" in order to force China to swallow the bitter pill of "two Chinas," or "one China, one Taiwan," but it also must pay a heavy price for it. Likewise, the Taiwan authorities must bear serious responsibility for this move. From now on, disputes over a great many international issues between China and the United States are inevitable, and cross-strait relations are bound to be affected. If the United States treated China as if it were a "fool" unworthy of a look, it would be a big mistake. Li Teng-hui and his "Taiwan independence" gang should not smirk too soon.

There Are Anti-China Forces in the United States

There is a bunch of muddle-headed and ignorant congressmen in the U.S. State Department [as published] who recently claimed that "Tibet is an occupied state with independent sovereignty." Their naive and ignorant motion reflects that these anti-China bureaucrats are still obsessed with the vestiges of past imperialist ideas, and have hidden ambitions for Tibet. They believe that if only the United States plays a "card" with China, China must comply and give in. Then would they please look back on the casualties among "American children" during the Korean War? At the end of 1950, Douglas MacArthur claimed that the U.S. Army would "wash boots" on the banks of the Yalu River and return home for Christmas. The result was that the world's strongest U.S. troops, which were armed to the

teeth, scurried off like frightened rats and changed their chief commanders three times in the three years of the Korean War. They eventually admitted that the United States fought "the wrong war with the wrong target in the wrong place at the wrong time."

After that, the United States fought a war of aggression against Vietnam for 10 years, during which China vigorously supported Vietnam in resisting the United States. What was the result? Today, we would like to remind those addle-brained bureaucrats in the United States who have received "benefits" from the Taiwan authorities that it is useful for them to review the past.

Today, China is very different from what it was in the 1950's and '60's. Would the 1.2 billion Chinese people let Taiwan split from the motherland and be "independent?" If so, with one stepping into the breach as another fell, Chinese people would have shed blood in vain to resist imperialism, colonialism and unequal treaties for 100 years or more. This year is the 100th year of the signing of the Shimonoseki Treaty, as well as the 50th anniversary of both the world's victory over fascism and China's victory in the War of Resistance Against Japan. When the Chinese people are feeling proud of clearing away national shame, how can they again allow a handful of Taiwan scum, who are pro-imperialists and pro-colonists, to turn their sacred territory into "independence" or "two Chinas"?

Wrong Viewpoint of Anti-China Forces in the United States

In fact, the "Taiwan independence" forces are not strong. Most Taiwan compatriots do not support "Taiwan independence," but a person with "highest" power, Li Teng-hui, is exercising his power to engage in "independent Taiwan" at one time and "Taiwan independence" at another. Naturally, there are people supporting him at the back, with pro-Taiwan and anti-China forces in the United States being the most notable.

Since the end of the Cold War, some people in the United States see China as the enemy of the United States. They wanted to overturn China's socialist regime on the heels of the disintegration of the Soviet Union and the change of the system of government in East European countries. After the 4 June incident, in particular, they intensified their plans to re-isolate and besiege China. Apart from the human rights card, the most favored-nation trading status card, and the Tibet card, the United States apparently is using the sovereignty dispute over the Nansha [Spratly] Islands to encourage the Philippines and Vietnam to make things difficult for China.

United States Says It Will Offer "Convoy" in Nan Hai

According to a 16 June YOMIURI SHIMBUN report, Joseph Nye [yue se fu nai yi 4766 3844 1133 1143 0122], a U.S. official in charge of security safeguards in Asia and assistant secretary of defense, told its reporter on 15 June, "The United States is not involved in the sovereignty dispute over the Nansha Islands between China, the Philippines, and Vietnam. However, to protect the freedom of navigation, it will express its strong stance and be ready to provide escorts depending on the future development of the situation." Who will it escort? Against whom is its escort directed? The implication is self-evident. The newspaper also said that what the U.S. official voiced was a clear indication of pinning down [qian zhi 4617 0455] China.

The United States recently has eased relations with Vietnam and the DPRK. Secretary of State Warren Christopher has submitted to Clinton a written proposal for establishing diplomatic ties with Vietnam. Moreover, the United States and the DPRK have broken their deadlock over the nuclear power station. Both sides are considering setting up representative offices in each other's country. It is good that the United States is improving relations with Vietnam and the DPRK. China not only will not oppose it, but also hopes for its success. However, observers in Asia pointed out that it is doubtful whether the United States has an ulterior motive for making such great efforts at this time to draw China's two neighboring nations over to its side. It seems that the spirit of John Foster Dulles has not gone yet, and the same old trick of besieging China is likely to be seen again.

In any case, the disgusting performance of the United States and Taiwan, which echo each other in creating "two Chinas," once again has enabled the Chinese people to see clearly that the nature of certain things will never change. Over the past 16 years, China has wholeheartedly carried out reform and opening up, pursued an independent foreign policy of peace, actively created a peaceful international environment, developed a market economy, and improved its economy and the people's livelihood. China has absolutely no ambition for foreign expansion. However, things are always like "a tree that may prefer calm, but the wind will not subside." As pointed out by Foreign Minister Qian Qichen: China and the United States are divided over some issues, and more importantly, they have extensive interests in common. China is positive and sincere about ironing out Sino-U.S. differences, but it also places emphasis on principles. The Taiwan issue has a bearing on China's sovereignty, territorial integrity, and great cause of reunification, in which the fundamental

interests of the Chinese nation lie. China will not sit back and idly watch any moves to split China and to thwart and undermine China's reunification.

If the U.S. anti-China forces, along with Li Teng-hui and his ilk, are perverse and collude with each other in pursuing "two Chinas" or "one China, one Taiwan," China has the method, strength, and confidence to smash their plot. It can be said with certainty that a superpower that attempts to act as a world policeman and interferes in other countries' internal affairs certainly will come to no good end.

'Taiwan Card' Discouraged

HK2306125395 Beijing RENMIN RIBAO OVERSEAS EDITION in Chinese 21 Jun 95 p 6

[Article by Xi Laiwang (1598 0171 2489) and Liu Liandi (0491 6647 4574): "What Evil Intentions Has the United States Harbored in Playing the 'Taiwan Card?'"]

[FBIS Translated Text] The fact that the U.S. Government has brazenly created "two Chinas" and "one China, one Taiwan" by consenting to Li Denghui's [Li Teng-hui] visit is another outstanding manifestation of its playing the "Taiwan card."

The Taiwan issue has always been a key question standing in the way of the healthy development of Sino-U.S. relations, and the crux of the matter lies precisely in the fact that the U.S. Government has been playing its double-dealing tricks on this issue. As far as the Taiwan issue is concerned, the U.S. Government pledged unequivocally, in the series of three joint communiques signed with China since 1972, that the PRC Government is the "sole legitimate government" of China and "Taiwan is part of China," and it is within these limits that the United States "maintains cultural, commercial, and other unofficial ties" with Taiwan. However, following the establishment of diplomatic relations with China, the U.S. Congress passed the Taiwan Relations Act, a law that is in direct contravention of the communique on the establishment of diplomatic relations between the two countries, so as to treat Taiwan as a political entity and to develop substantive relations with it. On the one hand, the U.S. Government has acknowledged that Sino-U.S. relations must develop according to the principles of the "three joint communiques"; on the other, however, it has emphasized that the United States must observe the Taiwan Relations Act. Moreover, in its statement issued on 16 May this year, the U.S. State Department went so far as to claim that the arms sale provisions stipulated in the Taiwan Relations Act are "undoubtedly" "superior to" the Sino-U.S. "17 August" Communique. As a matter of fact, the U.S. Government, in recent years, has been going back on its pledge in the "17 August"

Communique regarding the question of selling arms to Taiwan by selling not only increasing numbers of arms, but also more and more sophisticated weapons to Taiwan. In 1992, the U.S. Government sold F16 fighters to Taiwan, which was a major retrogression in its relations with China. What deserves our particular attention is that in recent years, the U.S. Government has been upgrading its official contacts with Taiwan. Recently, following the complete reshaping of its policy toward Taiwan and its decision to permit reciprocal visits between "sub-cabinet"-level U.S. and Taiwan officials, the United States brazenly consented to Li Denghui's visit, which is another grave and dangerous retrogression in its relations with China. People clearly remember that shortly before the U.S. Government's announcement of its decision to authorize Li Denghui's visit, the U.S. Secretary of State said at a congressional hearing that issuing a visa to Li Denghui was "incongruent with" the unofficial nature of U.S.-Taiwan relations. However, the U.S. Government once again has gone back on its promise, and has fully exposed before all the world its colors of playing a double-dealing trick on the Taiwan issue, irrespective of its international prestige.

The fact that the United States is playing the "Taiwan card" indicates that the U.S. Government is increasingly flagrant in supporting certain Taiwan figures to engage in activities aimed at breaking up China, and its purpose is to sabotage China's peaceful reunification and to let China be in a state of long-term split. The U.S. Government's act is definitely a spur to the "pro-Taiwan independence" inclination within and without the island of Taiwan. On the other hand, Li Denghui's reliance on foreigners in contravention of the national cause is tantamount to giving the United States a chip with which to "contain China through Taiwan." However, the U.S. Government has made an erroneous judgment on present-day China and the international situation. Some U.S. think-tankers believe that while its economic construction is in full swing, China has to beg for U.S. help, so as far as the Taiwan issue is concerned, even if the United States does something harmful to China's sovereignty and hurts the Chinese nation's feelings, China cannot but submit itself to the suffering. This is an absolute miscalculation. The Chinese people have never bowed to hegemonism and power politics, and will never look indifferently on any foreign plots attempting to sever Taiwan from Chinese territory. A comparison of China's sovereignty and territorial integrity with Sino-U.S. relations will show that it is more important to realize the great cause of the motherland's reunification. In this respect, the U.S. authorities should have a sober judgment on it.

The fact that the United States is playing the "Taiwan card" is, to a certain extent, an outcome of "Cold War" mentality. Although the Cold War is over, the U.S. Government still cannot break away from the "Cold War" mentality when observing the present-day intricate world. The so-called "China-threat theory" advocated by a small number of Americans is precisely a manifestation of the "Cold War" mentality. In the eyes of some Americans, China's very existence is a great threat to the system of the West, whereas China's rapid economic growth is even a serious challenge to the United States. They worry that China's development will alter the global pattern, and that unfavorable changes in the balance of power will take place. Hence, in seeking countermeasures from the obsolete "Cold War" policy files, some people have gone so far as to take "containment" — a typical Cold-War concept — as an option in shaping U.S. policy toward China. U.S. decision-makers recently made a serious mistake on the question of reorienting China. By treating China as a "potential threat," they have sharpened their vigilance against China and laid more stress on containing it, and on a series of major strategic issues concerning Asian-Pacific security, there are even signs of anti-China intents and considerations, to varying degrees. The United States believes that stronger ties with Taiwan will help it implement the policy of "containing" China, so Taiwan's position in the U.S. external security strategy has been elevated once again. It is thus evident that striving to contain the "stronger and stronger potential threat posed by China" is an important point of departure when the United States plays the "Taiwan card."

The "Taiwan card" is not easy to play. The United States should remember the painful lessons drawn from "containing" China on several occasions in the past. This point not only has been proven by history, but international realities at a critical moment of marching to the 21st century also have indicated that it is no longer possible to isolate China. The United States will pay a heavy price and its long-term interests definitely will be harmed if it wants to "contain" China by playing the "Taiwan card."

Political Foundation 'Shaken'

HK2306142495 Hong Kong TA KUNG PAO
in Chinese 19 Jun 95 p A2

[Editorial: "Taiwan Issue Concerns Fundamental Interests of the Chinese Nation"]

[FBIS Translated Text] At present, neither China nor the United States has its ambassador in the capital of the opposite side, and bilateral relations are at a crossroads. This is a situation brought about solely by the United

States. The U.S. Government's decision to allow Li Teng-hui to visit the United States has shaken the political foundation of Sino-U.S. diplomatic relations. If the United States will not take effective measures to remove the unfavorable influence, future bilateral relations inevitably will be affected in all fields.

U.S. Ambassador to China Stapleton Roy left Beijing last weekend. Earlier, there were reports in U.S. newspapers that Roy had returned to Washington ahead of time because of his disagreement with the U.S. Government's China policies. There was another report stating that Roy had requested to return home earlier than originally scheduled, as he thought it difficult to conduct activities in Beijing now. However, U.S. State Department said that Roy left his post simply on normal transfer. No one except the United States knows how the real situation stands. As for China's recalling its ambassador to the United States, Li Daoyu, to report on his work last Friday, this was the decision made by the Chinese Government "in view of the current Sino-U.S. relations." Obviously, the decision was made after considering, analyzing, and weighing the pros and cons in a comprehensive way, rather than making a momentary response; still less was it for making an empty show of strength. China now is waiting for the United States to correct its mistakes.

Chinese Foreign Ministry Spokesman Shen Guofang pointed out on 15 June that although Sino-U.S. relations are important, safeguarding the country's unification and territorial integrity is above all matters, and is far more important than Sino-U.S. ties. On 16 June, QIUSHI, a periodical of the CPC Central Committee, carried an article written by Vice Premier and Foreign Minister Qian Qichen, who clearly expounded on China's principled stand with regard to Sino-U.S. relations and Taiwan. He explained that "there are differences between China and the United States on some issues, but the extensive common interests that exist between them are more important. China's attitude toward the solution of differences has been sincere and positive, but it also stresses the importance of principle. A short time ago, the United States decided to allow Li Teng-hui to visit the country, over which China made solemn representations and lodged strong protests to the U.S. Government. The Taiwan issue concerns China's sovereignty, territorial integrity, and the great cause of peaceful reunification, on which the fundamental interests of the Chinese nation hinge, and with which the feelings of the 1.2 billion Chinese people are directly linked. We are resolutely opposed to any attempt to create "two Chinas" or "one China, one Taiwan," and "we will not sit idly by and remain indifferent to any act of splitting China, or of

obstructing and undermining the great cause of reunification."

Vice Premier Qian Qichen's remarks carry a lot of weight and very clear information. He made it clear that the Taiwan issue is "where the fundamental interests of the Chinese nation hinge." These remarks should have been fully understandable to the Americans. Whenever the U.S. Government talks about a certain issue that involves its "major interests," it means that U.S. troops are ready to be dispatched to the battlefield. The Chinese Government cannot sit by and watch acts aimed at creating "two Chinas" or "one China, one Taiwan"; otherwise it can hardly justify itself to the entire people, nor to history. If it winks at those who are engaged in splitting the country, there will be endless trouble for the nation. In order to win "international recognition for Taiwan as a political entity," Li Teng-hui and other Taiwan leaders have stepped up their activities, making explorations to achieve their aim in every possible way. Therefore, the Chinese Government has no alternative but to adopt a firm and decisive attitude. Li Teng-hui kept on talking about "public will"; in fact, his words and deeds of splitting the motherland run completely counter to the wishes of the Chinese people, and primarily deepen antagonism inside Taiwan. Between peaceful reunification and splitting turmoil, the Chinese Government and people certainly will choose the former without any equivocation.

International observers commented that Sino-U.S. relations had sunk to their lowest ebb since the establishment of diplomatic ties 16 years ago. This comment is to the point. The U.S. Government contradicted itself by flagrantly changing its policy of banning Taiwan's leaders from visiting the United States, which has been practiced over the past 16 years. This has fundamentally damaged the foundation for normal development of these relations. To promote diplomatic ties, people must follow the norms of international relationships, and the precondition of establishing diplomatic ties between China and the United States is the U.S. Government's recognition of the PRC Government as the only legitimate government, and of Taiwan as an integral part of China's territory. These preconditions were written into the communique on the establishment of diplomatic ties between the two countries. In the Shanghai Communique published earlier, the U.S. Government concurred that the "Chinese on both sides of the Taiwan Strait maintain that there is only one China." Since then, Sino-U.S. relations have been in the process of "thawing." Today, the U.S. Government has abandoned its original commitments so that Sino-U.S. relations inevitably are experiencing the most serious ordeal since diplomatic ties were established.

Regarding its relations with the United States, the Chinese side, after careful consideration, has explicitly pointed out where its fundamental interests lie. Now let us see how the U.S. Government will realize its own interests in its relations with China. After all, do the United States, the Asia-Pacific region, and the whole world want to have a peaceful, unified China, or a divided China with forces in conflict with one another? This is of vital significance in respect of the situation as a whole. At present, the U.S. overall tactics toward the Asia-Pacific region are withstanding a rigorous trial. What course should it follow? — that is the question awaiting its decision. As to the determination of the Chinese Government and people to safeguard state sovereignty and territorial integrity, and to promote the great cause of reunification, it is steadfast and never to be shaken.

Article Decries Visit

OW2306132795 *Beijing BEIJING REVIEW in English*
No 26, 26 Jun - 2 Jul 95 pp 19-20

[By Li Jiaquan: "Lee's US Visit Defies Agreement"]

[FBIS Transcribed Text] In a sharp departure from its consistent practice over the past 16 years since the establishment of diplomatic relations between China and the United States, the US administration announced, on May 22, its decision to allow Lee Tenghui [Li Teng-hui], "president" of Taiwan, to visit the United States in a "private capacity." Just a few days earlier, Assistant Secretary of State for East Asian and Pacific Affairs Winston Lord promised that such a visit was out of the question.

Background

There are two major reasons for the US administration's change of position now. The first is the political climate and agenda in Taiwan, where a so-called "direct presidential election" is scheduled for spring 1996. The ruling Kuomintang's candidates are shuffling into positions, and Lee is one of the contestants.

Lee, however, faces challenge from both within and outside his party. The opposition Democratic Progressive Party, in particular, poses a formidable threat to his claim for reelection. Under such circumstances, Lee needs the backing of the US government to seek "break-throughs" in foreign relations and thus increase his political clout.

More importantly, the US administration is concerned that if Lee cannot secure his candidacy or fails in the election, then it may not be able to exercise so much influence in Taiwan affairs.

By supporting Lee in his difficult times, the United States naturally expects him to pay it back in the future.

The second reason is the development of relations across the Taiwan Straits. Over the past few years, such relations, which focus on economic, trade and cultural exchanges, have been growing vigorously, prompting worries among certain people in the United States who are hostile toward China. They fear that if both sides of the Taiwan Straits improve their relations steadily, eventually they will talk about the issue of peaceful reunification. In their mind, China is a "potential enemy" and a China that is reunified and powerful is not in their interest.

These people believe that only by maintaining a state of division and conflict across the Taiwan Straits can Taiwan be used to contain China.

That the White House made the decision because of pressure from the Congress is not tenable. As a matter of fact, no resolution adopted by the Congress is binding to the White House or the State Department. The White House, the State Department, the Senate and the House of Representatives ultimately coordinate their moves in the national interests of the United States.

Betrayal

None of the excuses in this regard are tenable. It is sheer betrayal for the US government to allow Lee Tenghui to visit the United States in defiance of the principles of the three joint communiques signed between the Chinese and US governments. Out of its own selfish needs, the US administration imposed the US will on another government and people and put domestic law above international law and intergovernmental agreements. This is a totally-outdated hegemonistic mentality.

In fact, whatever the pretext is, because of his special stature, Lee's visit is political in nature. Even Lee himself has made no effort to hide that fact, as he declared in a recent rally in Taiwan that "the most important thing about my visit to the United States is to illustrate the existence of the 'Republic of China,'" and "We must let the whole world recognize the existence of the 'Republic of China.'" This blatantly shows the political purpose of his so-called "personal visit. By permitting him to visit the United States, Washington is brazenly supporting his attempt to create "two Chinas" or "one China, one Taiwan."

This cannot but arouse the vigilance of the Chinese people because the question of Taiwan bears on the national feelings of the 1.2 billion Chinese people.

Recently, the US administration has become more unabashed in supporting separatist remarks and deeds by a handful of politicians in Taiwan. They advocate first "separate administration on separate lands" and then "two equal political entities." Essentially, they both boil down to the attempt to create "two Chinas." These separatist elements would not have been so audacious had the United States not supported them.

Miscalculation

Some people in the United States believe that China's protests and objections on this matter are no more than gestures, for China needs US help as it develops its economy. Moreover, they are convinced that China is preoccupied with too many other domestic problems to care about this issue.

These people totally misunderstand the real Chinese situation. The Chinese nation is a people of principle. National interest is of utmost importance to them. Throughout history they have cherished patriotism and unity and despised traitors and division.

At present, although the two sides of the Straits still have some political differences, the majority of the Chinese people both on the mainland and on Taiwan Island believe that there is only one China and that their motherland will be reunited.

If those Americans who have always been hostile to the Chinese people fail to realize this, they will inevitably hurt the self-esteem and feelings of the Chinese people and provoke them to strike back.

The Chinese people are friendly toward the American people, and the unification, unity and development of the Chinese nation will present no threat to the United States.

The United States has made mistakes again and again in its policy toward China because of miscalculations of the situation. Should the US administration persist in this erroneous direction, it will commit even greater mistakes.

US Role Crucial

The key to the development of Sino-US relations lies with the United States. There are two possibilities. First, the US administration will reverse its erroneous attitude by returning to the principles enshrined in the three Sino-US joint communiques and stopping its support, be it words or deeds, for any attempt to split China. This will be beneficial to the improvement of relations between the two countries and to peace in Asia and the world.

On the other hand, should the US administration persist in its erroneous position and go even further, relations between China and the United States will be more strained and will even regress. Naturally, neither the Chinese government nor the Chinese people wish to see this happen. However, as the statement of the Chinese Foreign Ministry says, the Chinese government and people are ready to face any challenge in order to safeguard national sovereignty and realize national reunification.

The key to the Taiwan issue is in the hands of the United States. Without US obstructions, the question of Taiwan is bound to be peacefully resolved. It is hoped that both the US Government and non-governmental forces can take into account the long-term interest of both the Chinese and American people and respect the will and feelings of the Chinese people by actively contributing to the relaxation of relations between the two sides of the Taiwan Straits and to the peaceful reunification of China.

U.S. Official Advocates 'Encircling' China

*HK2606030395 Hong Kong TA KUNG PAO
in Chinese 24 Jun 95 p a3*

["Political Talk" column by Shih Chun-yu (2457 0689 3768): "U.S. Official Openly Says It Is Necessary To Encircle China"]

[FBIS Translated Text] What U.S. Department of Defense Strategist Says

Dr. Curt Campbell [kan bei er 0974 6296 1422], the U.S. defense secretary's assistant for Asia-Pacific affairs and designer of the U.S. Defense Department's Asian strategy, gave a speech in Washington on 21 June in which he stated openly: "What people will be most concerned about for a long time to come is precisely the rise of China. Such being the case, it is imperative — on the part of the United States — to encircle China, so that it will not become a country that threatens peace."

Japan's JJI PRESS AGENCY reported this piece of news, and indicated: It was unusual [yi chang 8381 1603] for a senior U.S. Government official to make a speech attacking China in public. It thus established the fact that vigilance against the growth of China is heightening within the U.S. Government. In addition, JJI indicated that Campbell was a new-rising strategist who took office only last May.

Campbell also said: "At present, the best method is for the United States to cooperate with its allies, including Japan, to encircle China. Should hostility and encirclement of China be practiced from the very start, that would be difficult." His speech aimed at the rise

of the China threat theory inside such organizations as the U.S. Congress, and some people were for encircling China in the same manner as encircling and blocking the USSR. This accounts for Campbell's advocating joining hands with the allies, including Japan, to encircle China.

United States Takes the Lead in Playing the "Taiwan Card"

The explicit statement by this newly appointed official of the U.S. Defense Department demonstrated that the Clinton administration already has changed its policy toward China. The fact that the United States allowed Li Teng-hui to visit the country means that it has taken the lead in playing the "Taiwan card." Following this act of the United States, Lien Chan ("Executive Yuan Premier") immediately left for Europe and established official ties with the Czech president. On Lien Chan's return to Taiwan, he promptly said that he would require a visit to the United States.

At the 20 June news briefing, Chinese Foreign Ministry Spokesman Chen Jian stated: "If some country wants to adhere to the past Cold War practice of pursuing confrontation and encirclement, obviously this will not be conducive to world peace and stability, nor will it be conducive to the common development and prosperity of all countries. If there is such a policy, it will be opposed by the people of the world, and will be cast aside by the people of its own country."

In answering the question of whether or not Li Teng-hui's visit to the United States would trigger a new encirclement and East-West confrontation, Chen Jian said: "In international relations, some countries pursued the so-called policy of encirclement, targeting other countries. History has proved this to be wrong, and it went bankrupt in practice. It was a practice characterized by the Cold War."

Arrangements for Encircling China Are Underway

It is not necessary to be too explicit as to what the above statement referred to and to whom it was addressed.

One incident after another is placed before us. Once again, the United States took advantage of the so-called freedom of navigation on the South China Sea to negotiate with the Philippines on the U.S. return to the Subic Bay military base in order to suppress China. According to a 22 June YOMIURI SHIMBUN dispatch from Manila: The United States, which said that it had already pulled out from the Philippines, once again has shown its "military presence" in the vicinity of the Philippines. U.S. and Philippine authorities have already made statements on U.S. naval vessels stationing and berthing in the Philippines. Within three days in early

May, U.S. frigates which earlier had completely pulled out of Subic Bay in November 1992, for the first time re-entered the Subic port, which already had been converted for civilian use.

With respect to Taiwan, official talks between Hsu Kesheng ("Minister of Economic Affairs") and Sammats [sa ma ci 5646 7456 5412] were held in Washington on 22 June; this being the first time in 16 years.

In the wake of the Cold War's end, the United States has openly considered itself the "world policeman," and has intervened arbitrarily in the internal affairs of other countries, while judging other countries by U.S. criteria. "Those that submit will prosper; those who resist will perish." Regrettably, the young master in the White House has miscalculated. In the wake of the disintegration of the USSR, the United States obviously is targeting China. The United States has overrated itself in playing the Taiwan card, aiming to encircle China and start a Cold War. Just wait and see how China will deal with it, and let it suffer the consequences of its own doings.

Beijing-U.S. Trade Expansion To Benefit All

HK2506074595 *Beijing CHINA DAILY in English*
24 Jun 95 p 5

[By Sun Hong: "Expansion of Sino-U.S. Trade Benefits Both"]

[FBIS Transcribed Text] The trend of trade expansion between China and the United States cannot be reversed by a handful of people, a senior Chinese trade official said yesterday.

"Such expansion is in the interest of the people of both sides," said Wang Zhiqian, Director General of the American and Oceanian Affairs Department of the Ministry of Foreign Trade and Economic Co-operation (Moftec).

He made the remarks in reference to the recent foiled attempt by 22 US congressmen to revoke China's most-favoured-nation status.

The US House of Representatives Ways and Means Committee on Tuesday voted overwhelmingly in favour of renewing China's MFN status—supporting US President Bill Clinton's decision of June 2.

Clinton announced in May last year that the US would extend China's MFN status for the 1994-95 period unconditionally. Wang called it a wise move that has helped create a more amiable atmosphere for bilateral trade.

He added that the US has a lot to do if Sino-US trade and economic relations are to sustain their healthy development.

First, efforts should be made to prevent trade relations from being tarnished by political issues.

"The US clearly understands the Chinese people's feelings about the Taiwan issue. If the US continues to play with fire on this issue, the consequences will be severe."

Second, the US should come up with an objective assessment of China's economic situation.

Washington should not apply the standards for a developed nation to China in the negotiations over China's entry into the World Trade Organization.

Last, the US must carry out the promises it has made in various bilateral agreements with China.

For example, the US has said it will give staunch support to China's entry into the WTO and that it will not reduce China's textile export quota without sufficient justification or consultation with China.

Wang criticized the US Government for having allowed Taiwan "President" Lee Teng-hui [Li Teng-hui] to visit the US and for unilaterally cutting Chinese textile quotas.

He described allowing Lee to visit the US as a "serious incident" that runs counter to the basic principles of the three joint communiques between China and the US.

"This event has cast a shadow over Sino-US relations and brought a sense of uncertainty to our bilateral trade ties," he said.

He warned that if the US does not change its course, the basis of Sino-US relations will be threatened. Mutually beneficial trade ties could also be affected.

"China will not be held responsible for the consequences," he said.

On the US decision to cut China's textile quota by 1.83 million dozens, which is valued at about \$100 million, Wang said there was insufficient justification for the cut.

"If the US side maintains its wrong actions, we'll have to undertake certain measures to protect our interest," he said.

Dissidents Wang, Wei Denied U.S. Visit

HK2606012595 *Hong Kong LIEN HO PAO*
in Chinese 24 Jun 95 p 1

[Report from Beijing by reporter An Ping (1344 1627): "Wang Dan's, Wei Jingsheng's Applications To Go

to United States Rejected; Beijing To Imprison Them Again Under New Charges"]

[FBIS Translated Text] According to an informed source here, a few days ago noted Chinese dissident Wei Jingsheng and student leader Wang Dan, who now are under house arrest in Beijing, each applied to go to the United States for a visit, but their requests were rejected by the authorities.

The source said that Wei had applied to the department concerned to go to the United States for a visit and medical treatment, while Wang indicated his intention to go there for further study. However, their requests were officially rejected by the Beijing authorities.

The 45-year-old Wei has been placed "living under surveillance" [jian shi ju zhu 4148 6018 1446 0145] by the public security department since 31 March 1994. During the past year or more, the authorities encouraged him on many occasions to "go abroad to relieve boredom," but Wei rejected all the offers. Early this year, the authorities still wanted him to go abroad so as to get rid of the heavy burden, but when Wei took the initiative to apply to go to the United States, his request was categorically rejected.

The source added: Wang Dan, who has been under house arrest for exactly one month, has reversed his previous attitude of refusing to go abroad. He recently asked to go abroad, and hoped to go to the United States to continue his studies, but his request was similarly rejected. Wang said the other day that he did not want to go on living a prison-like life, and that it is better to breathe free air abroad than be put under house arrest.

It is understood that contrary to their normal practice, the authorities now will not allow either of them to go abroad because they want to level new charges against them and to re-imprison the two human rights fighters, who are well-known both in China and abroad.

The source said: Although both are given good treatment, all their movements are kept under strict surveillance, making it hard for them to have any privacy. Therefore, they have no alternative but to hope that the authorities will accept their requests to go abroad.

The authorities plan to charge Wang Dan, rather than "allow him to go into exile abroad," reportedly because the CPC has readjusted its method of dealing with pro-democracy activists. Some time ago, the CPC hierarchy instructed the relevant departments to deal a severe blow at activities that upset social security and are "aimed at subverting the central government" which have emerged in various localities. The CPC currently plans to keep Wei and Wang apart from the pro-democracy activists outside the border for a long time, while leveling

charges against Wang will serve as a warning to pro-democracy activists on the mainland and as a response to the U.S. Government's concern for human rights in China. A senior Chinese leader reportedly said that no due respect would be shown for Americans' feelings on territorial integrity, sovereignty, and human rights issues.

Wu Jieping Attends MIT President's Reception

OW2406153195 Beijing XINHUA in English
1505 GMT 24 Jun 95

[FBIS Transcribed Text] Beijing, June 24 (XINHUA) — Wu Jieping, vice-chairman of the Standing Committee of China's National People's Congress, attended a reception here this evening given by Charles Vest, president of the Massachusetts Institute of Technology (MIT) of the United States.

Wu extended his warm welcome to President Vest and his wife who arrived here on June 21 at the invitation of the State Science and Technology Commission of China.

In his speech at the reception, Vest expressed his hope that the MIT and China can strengthen their academic and technological contacts and cooperation.

CPPCC Vice-Chairman Meets Narcissus Queen

OW2406141095 Beijing XINHUA in English
1150 GMT 24 Jun 95

[FBIS Transcribed Text] Beijing, June 24 (XINHUA) — Seypidin Azizi, vice-chairman of the Chinese People's Political Consultative Conference (CPPCC) National Committee, met with members of the 1995 Hawaiian Narcissus Queen delegation here today.

The delegation is led by Renton L. K. Nip, president of the Chinese Chamber of Commerce of Hawaii. Its members include the 46th Narcissus Queen of Hawaii Lisa M. Lee and four Narcissus Princesses.

The delegation, which is the 15th of its kind sponsored by the Chinese Chamber of Commerce of Hawaii since 1981, started the goodwill tour on June 11.

Seypidin and the visitors had a cordial and friendly conversation in today's meeting, which was held at the Great Hall of the People.

During the meeting, the Narcissus Queen and Princesses performed the hula dance of Hawaiian style while several Chinese dancers gave song and dance performances of China's Uygur ethnic group.

The visitors had toured Shanghai, Xian and other cities before coming to Beijing.

Central Eurasia

Li Peng Continues Central Eurasian Visit

To Meet Kuchma, Sign Accords

AU2306132895 Kiev URYADOVYY KURYER
in Ukrainian 22 Jun 95 p 1

[URYADOVYY KURYER report: "The Chinese Premier's Visit"]

[FBIS Translated Text] The visit to Ukraine by Li Peng, premier of the PRC State Council, will become a new step toward strengthening Ukrainian-Chinese relations. One of the effects of Beijing's foreign policy concerning Ukraine is the creation of a new Silk Route that will expand China's trade and economic ties with the West via Ukraine. The political and economic cooperation that has been established between Ukraine and the PRC can be viewed as a special partnership.

In the course of the visit, Li Peng is scheduled to hold talks with Ukrainian President Leonid Kuchma and Prime Minister Yevheniy Marchuk. PRC State Council Premier Li Peng and Ukraine's Prime Minister Marchuk will sign a joint communique. The signing of an inter-departmental accord on cooperation in environmental protection is also planned.

Meets Belarusian President

OW2406022795 Beijing XINHUA Domestic Service
in Chinese 1322 GMT 22 Jun 95

[By reporters Wan Chengcai (8001 2052 2088), Duan Jiyong (3008 0679 0516), and Zhang Yijun (1728 4135 0193)]

[FBIS Translated Text] Minsk, 22 Jun (XINHUA) — Chinese Premier Li Peng told XINHUA reporters that he and Belarusian President Lukashenka had a very good talk today and that he believes Sino-Belarusian relations will further develop after the talk.

President Lukashenka expressed complete agreement with Premier Li Peng's appraisal of the talk.

During the two-hour long talk at the Belarusian presidential palace this morning, Li Peng and Lukashenka had an in-depth, extensive exchange of views on bilateral relations and international issues of common concern.

Li Peng said: "We respect the domestic and foreign policies pursued by Belarus in line with its own national conditions since its independence, and we are happy to see Belarus actively develop relations with various other countries, especially with its neighbors, including Russia."

He said China hopes Belarus will play its rightful role in regional and international affairs.

On bilateral ties, Li Peng said: Great progress has been made in bilateral relations since the two countries established diplomatic ties three years ago. The two countries have a good political relationship and share common language on many subjects. Economic cooperation and trade between the two countries have gained strong momentum.

Li Peng indicated the Chinese Government is willing to help expand cooperation between enterprises of the two countries. He said: There are bright prospects for economic, trade, scientific and technological cooperation if the two countries uphold the principle of equality and mutual benefits and if their enterprises have more direct contact to enhance mutual understanding and work hard to explore new avenues of cooperation based on each country's needs.

Lukashenka said that quite a number of agreements of cooperation have been signed between Belarus and China and that more will be signed during Premier Li Peng's visit. He expressed the belief that implementation of these agreements will bring about a comprehensive development of the multiform cooperation existing at different levels in the economic, trade, and technology areas between the two countries.

Lukashenka highly praised China's economic reform, saying it has greatly inspired Belarus. He hoped the two countries will increase exchange in this area, adding that the Belarusian Government fully respects China's domestic policy.

In their discussion of international issues, the two leaders exchanged views and reached broad common understanding on human rights issues. Li Peng stressed: China pursues a foreign policy of independence and does not seek hegemonism and expansionism. China believes every country has the right to choose a social system and a road of development suitable to its national conditions. However, some countries always attempt to use human rights as an excuse to interfere in other countries' internal affairs. Their purpose is to undermine [po huai 4275 0975] other countries' stability and development. This is bound to be firmly opposed by countries upholding justice and is doomed to failure.

Lukashenka indicated that Belarusian leaders and government support China's stand on human rights issues. He believed the world should be thankful for the policy of stability and development taken by China, a large country with a 1.2 billion population. This policy constitutes a major contribution to world peace and stability.

He said: Human rights issues are a country's internal affairs, and other countries should not interfere with them.

Before the full-fledged talks, Premier Li Peng and Lukashenka also held separate talks. In their separate talks, Lukashenka stressed that strengthening and developing friendship and cooperation with China constitute a priority for Belarus.

Li Peng expressed his belief that Sino-Belarus relations based on the principles of mutual respect, increased understanding, equality, and mutual benefits have bright prospects.

Wu Bangguo, Chinese vice premier, and Liu Huaqiu, director of the State Council Office of Foreign Affairs, attended the full-fledged talks.

Meets Embassy Personnel

OW2306135395 Beijing XINHUA Domestic Service in Chinese 1648 GMT 21 Jun 95

[By reporters Duan Jiyong (3008 0679 0516) and Wan Chengcai (8001 2052 2088)]

[FBIS Translated Text] Minsk, 21 Jun (XINHUA) — On the afternoon of 21 June, the visiting Chinese State Council Premier Li Peng received Chinese Embassy staff members and student representatives at the Belarus State Guesthouse where he was staying.

He encouraged them to work for the promotion of Sino-Belarusian friendly and cooperative relations.

Tours Belarusian Military Site

OW2306135795 Beijing XINHUA Domestic Service in Chinese 1734 GMT 22 Jun 95

[By reporters Duan Jiyong (3008 0679 0516) and Wan Chengcai (8001 2052 2088)]

[FBIS Translated Text] Minsk, 22 Jun (XINHUA) — On the afternoon of 22 June, the Chinese State Council Premier Li Peng and his wife Zhu Lin visited a Belarusian military facility in the company of Belarusian Prime Minister Chyhir.

Vice Premier Wu Bangguo and other leading members of Premier Li Peng's retinue went along on the visit.

Accompanying them on the visit from the Belarusian side were Deputy Prime Minister Mikhail Myasnikov and Acting Defense Minister and concurrently Chief of General Staff Leonid Maltsev.

Li, Prime Minister Chyhir Meet

OW2406010295 Beijing XINHUA Domestic Service in Chinese 1831 GMT 22 Jun 95

[By reporters Duan Jiyong (3008 0679 0516), Wan Chengcai (8001 2052 2088), and Zhang Yijun (1728 4135 0193)]

[FBIS Translated Text] Minsk, 22 Jun (XINHUA) — Li Peng, premier of the Chinese State Council, said today that there are no barriers to the development of friendship and cooperation between China and Belarus.

While holding talks with Belarusian Prime Minister Chyhir this afternoon, Li Peng said: China and Belarus have begun exchanges and cooperation in various fields, and have signed over 20 agreements on various fields. Furthermore, both sides will sign some documents which will serve as important legal foundations for the two countries to enhance cooperation.

He said: Sino-Belarusian cooperation has just begun. To comprehensively facilitate bilateral economic cooperation, both sides certainly need to make continued efforts and explore for new ways. At present, both countries are carrying out economic reform, and both have been shifting from government organs to enterprises as the principal units that handle transactions of foreign trade and economic cooperation. Therefore, besides making use of governmental mixed economic committees in the two countries, we should also encourage industrial and commercial organizations, enterprises, and entrepreneurs, especially the economically strong and creditable enterprises, in China and Belarus to establish direct links.

Li Peng said: The Sino-Belarusian Governments should strive to improve their respective investment environments, and formulate feasible economic policies and regulations so as to create favorable conditions that are conducive for Sino-Belarusian enterprises to enhance cooperation.

Premier Li expressed his belief: With joint efforts, Sino-Belarusian cooperation will improve year after year.

During the talks, Prime Minister Chyhir said: Physical distance does not affect Sino-Belarusian friendship and cooperation. China's favorable economic conditions provide very good opportunities for bilateral economic cooperation. We hope both countries will tap potentials for further cooperation.

Prime Minister Chyhir said he believes Belarus will definitely become a stable and reliable cooperative partner of China.

Chyhir also expressed thanks for the nonreimbursable assistance provided to his country by the Chinese

government, saying the Belarusian people will not forget the aid provided to them by the Chinese people during their difficult period.

Li Peng and Chyhir also exchanged opinions on issues regarding ways to strengthen cooperation in electronic and agricultural fields. They unanimously pointed out: Various Sino-Belarusian responsible departments and relevant enterprises can explore and hold consultations in accordance with their respective requirements.

During the talks, the two premiers expressed satisfaction over the smooth development of friendly cooperation between their two countries since the establishment of diplomatic ties.

Premier Li Peng invited Prime Minister Chyhir to visit China at his convenience. Chyhir expressed his gratitude for the invitation, saying he is very willing to visit the great country China.

Also attending the talks were Wu Bangguo, vice premier of the State Council; Director Liu Huaqiu of the Foreign Affairs Office of the State Council; and Belarusian Deputy Prime Minister Mikhail Myasnikovich.

This afternoon, Dai Bingguo, vice minister of foreign affairs, and Shi Guangsheng, vice minister of the foreign trade and economic cooperation, also separately held talks with corresponding Belarusian Government officials.

Joint Communiqué Signed

OW2306123995 Beijing XINHUA Domestic Service
in Chinese 1739 GMT 22 Jun 95

[FBIS Translated Text] Minsk, 22 Jun (XINHUA) — PRC Premier Li Peng and Belarusian Republic Prime Minister Mikhail Chyhir signed a joint communiqué here today.

The full text of the communiqué reads as follows:

Joint Communiqué on PRC Premier Li Peng's Official Visit to the Republic of Belarusia

At the invitation of President Alyaksandr Lukashenka of the Republic of Belarus, PRC Premier Li Peng paid an official visit to the Republic of Belarus 21-23 June 1995.

During the visit, Premier Li Peng had separate talks with President Lukashenka and Prime Minister Chyhir. In a sincere, friendly, and pragmatic [qiu shi 3061 1395] atmosphere, the leaders of the two countries exchanged views on bilateral relations and international issues.

The two sides reiterated that they will strictly abide by the principles stipulated in the "PRC-Belarus Agreement on the Establishment of Diplomatic Relations" signed on

20 January 1992, the "PRC-Belarus Joint Declaration" signed on 11 January 1993, and the "PRC-Belarus Joint Communiqué on Developing and Deepening Cooperation" signed on 17 January 1995; and that they pledged to push the two countries relations to a new level.

To promote mutual understanding, the leaders of the two countries briefed one another about the situations in their own countries. The two sides maintained that, although their national situations are different, the two countries' reforms share many similarities; and that it is useful for the two sides to exchange their reform experiences.

The two sides pointed out with satisfaction that the two countries' friendly cooperation in the political, economic, trade, scientific, technological, cultural, and public health sectors has developed actively. The two sides indicated their readiness to strengthen and expand their economic and trade cooperation on the basis of equality and reciprocity, and to make it conform to the two countries' friendly relations and economic potentials. The two sides noted that, as the two countries are embarking on economic reforms, direct contacts between their enterprises have been playing an increasingly important role in economic and trade cooperation; that the PRC and Belarusian Governments will, in accordance with their respective laws, create the necessary conditions which enterprises of the other side need for their operations and other economic activities; and that the documents governing the two countries' cooperation in various sectors have laid a good legal foundation for accords for developing bilateral contacts.

The two sides will encourage cooperation in the fields of technology, machine-building, electronics, machine tool manufacturing, and agriculture; and will develop cooperation in military technology under the conditions of undertaking each other's relevant international obligations.

The two sides will continue to discuss issues concerning the assemblage and production of "Belaz" trucks in China. The Chinese side indicated its readiness to promote the holding in China of a national exhibition about the Republic of Belarus.

The two sides will facilitate regular meetings of the Sino-Belarusian Economic and Trade Cooperation Committee and the Sino-Belarusian Scientific and Technological Cooperation Committee.

The two sides exchanged views on issues about import tariffs, and concurred that contacts and cooperation be established between the two countries' competent authorities, including their customs offices.

The Chinese side reiterated that it respects the policies and path of development which Belarus upholds and follows, and it wishes the Belarusian people success in their national construction and economic reform.

The Belarusian side reiterated that, with regard to the Taiwan issue, it will abide by the principles prescribed in the joint declaration which the PRC and the Republic of Belarus signed on 17 January 1995.

The two sides' exchange of views on international issues of mutual concern showed that they hold identical or similar positions in many areas. The two sides agreed to intensify consultations and cooperation in international affairs, maintaining that this is significant for safeguarding world peace.

The Chinese side spoke highly of Belarus' acceding to the nuclear Nonproliferation Treaty as a nonnuclear country, maintaining that this move is an important contribution to world peace and security.

The two sides stood for the establishment of a just and reasonable political and economic new world order that conforms to international laws.

The two sides exchanged views on human rights issues and reached a common understanding in this area. The two sides were against the moves made by any country to interfere in other countries' internal affairs using human rights as pretext, and they agreed to strengthen bilateral and multilateral consultations and cooperation on human rights issues.

The two sides agreed to continue to maintain high-level contacts, maintaining that such contacts have important significance in the development of the two countries' relations.

Premier Li Peng invited Prime Minister Chyhir to pay an official visit to the PRC. Prime Minister Chyhir accepted the invitation with pleasure.

[Signed by] PRC Premier Li Peng, and Belarusian Prime Minister Mikhail Chyhir

In Minsk on 22 June 1995

Further on Joint Communiqué

OW2406144895 Beijing XINHUA Domestic Service
in Chinese 1857 GMT 22 Jun 95

[By reporters Duan Jiyong (3008 0679 0516) and Wan Chengcai (8001 2052 2088)]

[FBIS Translated Text] Minsk, 22 Jun (XINHUA) — Chinese Premier Li Peng and Belarusian Prime Minister Chyhir signed a joint communiqué this afternoon on Premier Li Peng's visit to Belarus.

According to the communiqué, the two countries reiterate that they will scrupulously abide by the principles stipulated in the "Agreement on the Establishment of Diplomatic Ties Between China and Belarus," the "Sino-Belarusian Joint Declaration," and the "Sino-Belarusian Joint Declaration on Further Developing and Deepening Cooperation," and that they are determined to push Sino-Belarusian relations to a new level.

The communiqué said: The two countries believe that despite their different national characteristics, they share many things in common in the practice of reform. Exchange of experience in reform is beneficial to both countries.

The two countries indicated that they are willing to strengthen and expand cooperation in the economic and trade areas on the basis of equality and mutual benefits and to bring such cooperation to a level compatible with the level of friendship between the two countries and compatible with their economic potentials; that they will encourage bilateral cooperation in science and technology, machine manufacturing, electronics, machine tools, and agriculture; and that they will cooperate in the field of military technology while observing their respective international commitments.

China reiterates that it respects the policy and the road of development pursued by Belarus and wishes the Belarusian people success in national construction and economic reform.

Belarus reiterates that it will abide by the principles stipulated in the 17 January 1995 joint declaration of the two countries with regard to the Taiwan issue.

The two countries agree to strengthen consultation and cooperation in international affairs and believe this is of great significance to maintaining world peace.

China highly appraises Belarus' admission to the nuclear Nonproliferation Treaty as a nonnuclear country, considering its action an important contribution to world peace and security.

The two countries exchanged views and reached common understanding on human rights issues. The two countries oppose the attempt by any country to use human rights as an excuse to interfere in other countries' internal affairs, and they agree to strengthen bilateral and multilateral consultation and cooperation on human rights issues.

This afternoon, Chinese Vice Premier Wu Bangguo and Belarusian Deputy Prime Minister Myasnikovich signed a treaty of extradition between the two countries while Chinese Vice Minister of Foreign Trade and Economic Cooperation Shi Guangsheng and Belarusian Chairman

of Foreign Economic Relations Maliniqi [name as transliterated] signed an exchange of notes under which the Chinese Government will provide free aid to the Belarusian Government.

President Holds Banquet for Li

OW2406065095 Beijing XINHUA Domestic Service
in Chinese 1855 GMT 22 Jun 95

[By reporters Duan Jiyong (3008 0679 0516), Zhang Yijun (1728 4135 0193) and Wan Chengcai (8001 2052 2088)]

[FBIS Translated Text] Minsk, 22 Jun (XINHUA) — Belarusian President Lukashenka gave a banquet on the evening of 22 June to warmly welcome Chinese Premier Li Peng on his official visit to Belarus.

The banquet was held at the Belarusian State Guest House. President Lukashenka and Premier Li Peng spoke in turn at the banquet, wishing for continued development of friendship between the people of the two countries and for cooperation between them.

President Lukashenka emphatically said that he was very glad to be able to welcome Premier Li Peng once again on the soil of Belarus. He pointed out that mutual high-level visits have become a constant in the development of relations between the two countries and have shown that there is abundant content in dialogues between the two countries.

President Lukashenka stressed that Belarus attaches great importance to developing friendly relations with China and has great hopes in this regard. Belarus makes these relations a priority in its foreign policy.

President Lukashenka also emphatically pointed out that although it has been only three years since diplomatic relations were established between the two countries, they have already laid a foundation for current and future bilateral relations. He also held that great potentials remain to be tapped in developing bilateral relations. New contents have been added at each high-level meeting, showing new prospects for the development of relations. At the present stage, the important thing is to improve related systems and implement various agreements which have been signed by the two countries.

President Lukashenka pointed out that the Belarusian people greatly appreciate the selfless work of Chinese doctors in reducing the damage caused by the Chernobyl incident. He also expressed his gratitude to the Chinese people for their assistance to Belarus during the flood in 1993 and the drought in 1994. He said: Belarus is closely watching China's reform and feels really happy about the achievements of the Chinese people. He was firmly convinced that China's experience in reform is

a treasure for the whole world, including Belarus. He expressed wishes that China will realize its goal of prosperity in the shortest possible period.

Premier Li Peng expressed his heartfelt gratitude for President Lukashenka's kind invitation and hospitality and conveyed the Chinese people's cordial regards and respects to the Belarusian people.

Premier Li Peng said that although China and Belarus are located on two different continents, the geological distance has not been an obstacle to contacts between their people. The friendship between the two countries is of long-standing and well established. The opening of diplomatic relations has opened up new vistas for cooperation and contacts between people of the two countries. During the past several years, there have been frequent mutual visits. Cooperation has developed in politics, economics, trade, culture, and other fields. In January this year, the successful visit to China by President Lukashenka was a great event in the development of relations between the two countries. The meeting of their leaders again in just half a year vividly shows the close relations between the two countries. China will forever be a trustworthy friend and partner of cooperation on the basis of equality with the Belarusian people. Li Peng pointed out that the Chinese are watching with great interest and respect the hard work of the Belarusians and their achievements in economic revitalization and social development. He said: The Belarusian people are well known for their love for peace, and they won worldwide respect for their great courage and sacrifices during the anti-fascist war. Premier Li Peng expressed his belief that there is no difficulty that cannot be overcome by the Belarusian people. He believes that a prosperous Belarus will surely emerge in the world. The banquet was held amid a warm and friendly atmosphere. Attending the banquet were Belarusian Prime Minister Mikhail Chyhir and his wife, Premier Li Peng's wife Zhu Lin, Chinese Vice Premier Wu Bangguo, and Liu Huaqiu, director of the Office of Foreign Affairs of the State Council.

Arrives in Ukraine

OW2406033495 Beijing XINHUA Domestic Service
in Chinese 2140 GMT 23 Jun 95

[By reporters Duan Jiyong (3008 0679 0516), Zhang Daoqing (1728 6670 1987), and Zhang Yijun (1728 4135 0193)]

[FBIS Translated Text] Kiev, 23 Jun (XINHUA) — Chinese State Council Premier Li Peng, currently on a visit here, said today: China respects the development path chosen by the Ukrainian people, as well as the

domestic and foreign policies formulated by Ukraine in light of domestic conditions.

During talks with Ukrainian President Kuchma this afternoon, Premier Li Peng said: There is no fundamental conflict of interests between China and Ukraine. China implements the policies of reform and opening up, and is willing to develop friendly relations with all countries in the world. China believes that different social systems and development paths should not become obstacles to the establishment and development of state-to-state friendly relations.

Li Peng said: An important experience in China's economic and social development is the correct handling of the relationship between reform, development, and stability. A peaceful external environment is essential for construction and development.

Premier Li Peng said: China's foreign policy is, in essence, independent, and its purpose is to pursue world peace and development. Li Peng said: While good-neighborly and friendly relations between China and Russia have developed significantly in recent years, China also respects the agreements reached between Ukraine and Russia on relevant issues.

Li Peng said: To develop their relations further, the two countries must first enhance understanding. Only then can they build mutual trust. This is also true in developing economic relations and trade. He said: Chinese and Ukrainian enterprises should increase contacts, learn about each other's needs, and explore effective ways for cooperation.

President Kuchma said: The Ukrainian Government is keenly interested in developing relations with China in the political, economic, technological, and educational spheres. There are no disputes between Ukraine and China, which share many common points. This is the basis for bilateral cooperation. The Ukrainian Government is willing to actively explore spheres of long-term cooperation with China and suggests that relevant experts from the two sides study specific forms of cooperation between the two countries in metallurgy, chemical industry, space technology, and agriculture.

Kuchma added: Ukraine takes a positive attitude toward the construction of a "New Silk Road." He expressed the belief that the "New Silk Road" should be given new substance by combining economic exchanges with scientific and technological exchanges. Although Ukraine is a European country, it is willing to develop friendly relations with Asia-Pacific nations, especially China.

Speaking of the two countries' trade relations, Kuchma noted: Although trade between the two countries has experienced development, it is still possible to increase

the trade volume further. He expressed the hope that trade between the two countries will be upgraded further and favored the adoption of the cash-based payment method that is in general use.

Kuchma reiterated that the Ukrainian Government pursues a one-China policy and recognizes the PRC Government as China's sole legitimate government.

The talks at the Mariyinskyy Palace in downtown Kiev this afternoon were conducted in a sincere and friendly [cheng zhi you hao 6134 2304 0645 1170] atmosphere.

Chinese participants in the talks included State Council Vice Premier Wu Bangguo and Liu Huaqiu, State Council's Foreign Affairs Office director.

President Hosts Banquet

OW2306232295 Beijing XINHUA in English
1741 GMT 23 Jun 95

[FBIS Transcribed Text] Kiev, June 23 (XINHUA) — Visiting Chinese Premier Li Peng said here this evening that his visit to Ukraine is to bring bilateral cooperation in various fields to a new high.

Li said that the development of Sino-Ukrainian relations on the basis of the five principles of peaceful co-existence is in line with the fundamental interests of the two peoples and the common wishes of the two countries.

The Chinese premier made the remarks in his toast at a banquet hosted in his honor by Ukrainian President Leonid Kuchma in the Mariyinskyy Palace.

Since the two countries established diplomatic ties more than three years ago, bilateral relations have entered a new stage with cooperation proceeding satisfactorily in the fields of politics, economy, trade and culture, Li noted.

He added, China and Ukraine have become major trading partners and China sincerely hopes to see a politically stable, economically developed and prosperous Ukraine.

The premier also expressed the belief that the establishment of a peaceful, stable, just and reasonable new world political and economic order is the common goal that people of the world should struggle for.

To that end, China is willing to work together with Ukraine and other countries, he said.

President Kuchma said in his toast that Premier Li's visit to Ukraine is another major step to promote understanding and develop cooperation between the two countries.

He said that China, which is very interested in developing contacts with Ukraine, is a friendly and reliable partner to his country.

The president said that the long tradition of friendship, cooperation and mutual trust between the two peoples has created a broad prospect for further development of bilateral cooperation for the benefit of the two countries.

Li Speaks at Banquet

OW2406052095 Beijing XINHUA Domestic Service
in Chinese 2142 GMT 23 Jun 95

[By reporters Zhang Daoqing (1728 6670 1987), Duan Jiyong (3008 0679 0516), and Fan Weiguo (5400 0251 0948)]

[FBIS Translated Text] Kiev, June 23 (XINHUA) — Ukrainian President Kuchma held a banquet to welcome Li Peng, premier of the Chinese State Council, and his delegation at the Marinsky Palace tonight.

The banquet began with a welcoming speech by President Kuchma, who expressed great happiness in welcoming his Chinese friends to the ancient and hospitable land of the Ukraine.

Kuchma pointed out: Premier Li Peng's official visit to the Ukraine has shown clearly that regular official contacts between the Ukraine and China at various levels, including the highest level, have become an inseparable part of the rapidly developing actions taken mutually and in coordination by the Ukraine and China.

He expressed the belief that Premier Li Peng's visit to the Ukraine will be another major step in the path of deepening mutual understanding and developing cooperation between the two countries. He said: The two sides have held very fruitful talks on the most important political and economic issues, and reached agreement correspondingly. The two countries have viewed Ukraine-China relations from not only the framework of bilateral relations, but also from a regional and global scope, and the perspectives of facing the 21st century which man will soon stride into.

Kuchma pointed out: The cautious stands on major international issues upheld consistently by the Ukraine and China have been acknowledged by the international community, just like the Chinese adage says: "A just cause enjoys abundant support."

He said: The characteristics of Ukraine-China relations are manifested not only in the countries' pragmatic attitude in conducting equal and mutually beneficial cooperation, but also in the abundance of mutual sympathy between Ukrainians and Chinese.

Lastly, the Ukrainian president pointed out emphatically: "We are especially happy to see that great China, which has shown profound interest in the development of contacts in many areas with our country, is a friendly and reliable partner. The age-old tradition of friendship, cooperation, and mutual trust between peoples of our two countries has created bright prospects for further developing fruitful and mutually beneficial cooperation between the Ukraine and China in various fields." "The solid foundation laid by us now will decide to a great extent the future of our bilateral relations, just like what the Chinese adage says: 'Do not let an opportunity slip by; it may never come again.'"

Proposing a toast, Premier Li Peng said: The Ukraine is a remarkable country that produces remarkable people. Its civilization dates back a long time, and it has abundant natural resources, solid economic foundation, and great potential for development. Although China and the Ukraine are located on the two continents of Europe and Asia, their friendly contacts are age-old.

Li Peng pointed out: Since China and the Ukraine established diplomatic relations three years ago, their relations in political, economic, trade, cultural, and other fields have shown heartening [ke xi 0668 0823] progress, and bilateral relations have entered a new phase of historical development. China and the Ukraine have become each other's important trade partner. The continuous development of Sino-Ukrainian friendly cooperation on the basis of the five principles of peaceful coexistence is in line with the fundamental interests of the two countries' peoples and their common wish. I hope to push bilateral cooperation in various fields to new heights in my current visit.

Premier Li Peng said: At present, the Chinese people are concentrating on reform, opening up, and modernization. The Ukrainian people are also undertaking a great cause of reinvigorating the economy and nation-building. The Ukraine, which is richly endowed by nature with natural resources and diligent and wise people, fully has the capability to overcome momentary difficulties and walk onto the path of attaining wealth and prosperity.

Lastly, Premier Li Peng said emphatically: "The Ukraine is a European country that has an important position and influence. We wish to create a better future for mankind, and make greater contributions to the cause of peace, development, and progress of humanity with the Ukrainian Government and people, as well as governments and peoples of other countries in the world."

After the banquet, Ukrainian artists staged a small-scale concert in the honor of Premier Li Peng and his delegation.

Vice Premier Meets Counterpart

*OW2406103395 Beijing XINHUA in English
1018 GMT 24 Jun 95*

[FBIS Transcribed Text] Kiev, June 24 (XINHUA) — Chinese Vice Premier Wu Bangguo today told his Ukrainian counterpart, Valeriy Shmarov, that China is willing to make concerted efforts with Ukraine to bring bilateral trade and economic cooperation into a new high by the end of the century.

Trade and economic cooperation between China and Ukraine has enjoyed a sound basis, Wu said, yet, there still exists a great potential for further growth due to their strongly complementary economies.

The Chinese Vice Premier, who is here accompanying Premier Li Peng on the current visit, made the remarks during talks with Shmarov here this morning.

China, which is engaged in large-scale economic construction, is faced with a heavy task of enterprise transformation, Wu said. Therefore, expansion of co-operations with all countries the world over including Ukraine, not only benefits these countries, but also China's own economic development.

A long-term stable cooperation should be stressed between enterprises of the two countries on the basis of mutual understanding and comprehensive planning, he said, and the two governments should actively push forward direct cooperation between their big companies and enterprises.

Wu said that all the problems and difficulties that could possibly emerge in bilateral trade and economic cooperation can be resolved or overcome through frank and sincere negotiations.

During the talks, Shmarov briefed Wu on the development of Ukraine's industry, science and technology, and said that Ukraine hopes to see closer cooperation in these aspects with China so as to achieve the target of trade development set by the two governments for the next century.

Li Meets Parliament Chief

*OW2406121195 Beijing XINHUA in English
1136 GMT 24 Jun 95*

[FBIS Transcribed Text] Kiev, June 24 (XINHUA) — Chinese Premier Li Peng said here today that China is willing to see more exchanges between the Chinese

National People's Congress (NPC) and the Supreme Soviet of Ukraine.

Li said that parliament is playing a major role in a country's political life and parliamentary diplomacy has become an important and inseparable part of state-to-state relations.

The Chinese Premier made the remarks this morning when meeting with Oleksandr Moroz, Chairman of the Supreme Soviet of Ukraine.

Li said that frequent exchanges between Ukraine's Supreme Soviet and the NPC over recent years have promoted their mutual understanding.

According to him, NPC Vice-Chairman Wang Hanbin will visit Ukraine next month.

Besides leaders, various special committees under the NPC and the Supreme Soviet of Ukraine have also started exchanges, Li said, adding such exchanges should be encouraged.

During the meeting, Moroz said that Ukraine is focusing on developing economy and looking for a reliable cooperative partner, therefore, cooperation between enterprises from Ukraine and China has a broad prospect, for Ukraine attaches much importance to China's experience in economic development.

Li, Marchuk Stress Cooperation

*OW2406134395 Beijing XINHUA in English
1314 GMT 24 Jun 95*

[FBIS Transcribed Text] Kiev, June 24 (XINHUA) — Visiting Chinese Premier Li Peng and Ukrainian Prime Minister Yevheniy Marchuk agreed here this morning that trade and economic cooperation between the two countries should be enhanced.

During their talks, both premiers agreed to expand bilateral trade in both mix and volume and to conduct more direct trade.

Li said that there have been positive growths in bilateral trade, and Ukraine has become China's second largest trading partner in the Commonwealth of Independent States and the Eastern Europe.

Nevertheless, he noted that the potential for trade development is yet to be tapped, for the two economies are strongly complementary to each other.

The Chinese premier said bilateral cooperation in science and technology as well as production should also be encouraged as a means to promote trade, and the two governments should try to create a favorable climate for trade expansion.

Li also expressed welcome for Ukraine enterprises to bid for China's infrastructure projects according to international practice.

Marchuk, agreeing with Li's views, said that prospects are promising for cooperation between Ukraine and China in communications, ship-building, agriculture, chemical industry and peaceful utilization of space. His government encourages entrepreneurs and business people to cooperate with their Chinese partners, he added.

The prime minister said that the Ukrainian Government and people highly value Li's visit, which, he said, is a success.

Direct dialogue and contact is beneficial to promoting mutual understanding and trust, and therefore, is a major basis and guarantee for further bilateral cooperation, he went on.

Li said that relations between China and Ukraine have developed smoothly since the two countries established diplomatic ties three years ago and set up normal channels for bilateral cooperation in various fields.

He said that the two countries have supported each other and well cooperated on many issues through their sound political ties.

China supports Ukraine's efforts to safeguard independence, sovereignty and territorial integrity, Li said, adding that China will provide guarantee for nuclear safety to Ukraine.

The Chinese premier expressed his appreciation of Ukraine's support to China's principled stand on the issue of Taiwan and Tibet.

Following the talks, the two premiers signed a joint communique on Li's two-day visit to Ukraine.

Li, Premier View Ties

OW2506045495 Beijing XINHUA Domestic Service
in Chinese 1327 GMT 24 Jun 95

[By reporters Duan Jiyong (3008 0679 0516), Zhang Daoqing (1728 6670 1987), and Zhang Yijun (1728 4135 0193)]

[FBIS Translated Text] Kiev, 24 Jun (XINHUA) — Li Peng, premier of the Chinese State Council, and Ukrainian Prime Minister Marchuk held talks at the cabinet building today, during which they focused on the issue of bilateral relations.

During the talks, Li Peng said: China supports Ukraine's sovereignty, independence, and territorial integrity, and will provide nuclear safety guarantees to Ukraine. We deeply appreciate Ukraine's consistent support for the

Chinese Government's principled stand on the Taiwan and Tibet issues.

Li Peng said: Friendly and cooperative relations between China and Ukraine have developed smoothly since the two countries established diplomatic relations more than three years ago. The two countries have enjoyed very good political relations, and have supported each other and cooperated on many issues.

On bilateral economic and trade relations, Premier Li Peng said: There has been positive progress in Sino-Ukrainian economic and trade relations, and China has become an important trade partner for Ukraine. He said: The Chinese and Ukrainian economies are strongly complementary to each other, and there is great potential in many areas of cooperation between the two sides, which is still at a beginning stage.

He said: China and Ukraine could push forward their economic and trade relations through cooperation in science, technology, and production, and governments of the two countries should create favorable conditions for cooperation between enterprise sectors.

Prime Minister Marchuk said: There is tremendous potential for Ukraine-China cooperation in science, technology, communications, shipbuilding, agriculture, chemical industry, and peaceful utilization of cosmic space. He agreed fully to Premier Li Peng's suggestion that the two countries' enterprise sectors should understand each other better. He said that Ukraine will consider organizing economic and trade consultations in China.

Both the premiers agreed to expand the scope of bilateral trade and trade volume, and to recommend that some representative large enterprises and companies conduct direct trade through the establishment of long-term cooperative relations.

Premier Li Peng also welcomed qualified Ukrainian enterprises to bid for China's infrastructural projects according to international practice.

Also present at the meeting were Wu Bangguo, vice premier of the State Council, and Liu Huaqiu, director of the State Council Office of Foreign Affairs.

Sino-Ukrainian Accord Signed

OW2506034495 Beijing XINHUA Domestic Service
in Chinese 1333 GMT 24 Jun 95

[FBIS Translated Text] Kiev, 24 Jun (XINHUA) — PRC Premier Li Peng and Ukrainian Prime Minister Marchuk signed a joint communique in Kiev today.

The full text of the communique follows:

The Joint Communiqué on PRC Premier Li Peng's Official Visit to Ukraine

Li Peng, Premier of the PRC State Council, conducted his first official visit to Ukraine 23-25 June 1995 at the invitation of Ukrainian President Kuchma.

During the visit, Premier Li Peng held talks with President Kuchma and Prime Minister Marchuk. The two sides conducted extensive and in-depth exchanges of opinions, and reached full consensus on bilateral relations and issues of common interest on international cooperation in a friendly, pragmatic, and constructive atmosphere.

1. China and Ukraine reiterated that they will scrupulously abide by all the principles stipulated in the Sino-Ukrainian Joint Communiqué on the Establishment of Diplomatic Relations signed on 4 January 1992, the Sino-Ukrainian Joint Communiqué signed on 31 October 1992, and the Sino-Ukrainian Joint (Kiev) Declaration signed on 6 September 1994.

2. The two sides expressed the belief that further expansion and deepening of friendly, partnership, and comprehensive cooperative relations between the two countries accord with the fundamental interests of the peoples of the two countries, and expressed the wish to work together in the future to strengthen bilateral partnership relations and upgrade them to a new level. The long-term prospects of relevant relations will be further enhanced in political documents that are to be signed during Ukrainian President Kuchma's visit to the PRC.

3. The Chinese side highly appreciates [gao du zan shang 7559 1653 6363 6339] Ukraine's accession to the nuclear Nonproliferation Treaty in its capacity as a non-nuclear-weapons state and maintains that by so doing Ukraine has made an important contribution to world peace and security. The Chinese side again reiterates over here its call on all nuclear-weapons states to commit themselves not to use or threaten to use nuclear weapons against non-nuclear-weapons states or regions, and calls on them to sign relevant documents of international law.

4. The Ukrainian side spoke highly [gao du ping jia 7559 1653 6097 0116] of China for being the first among all nuclear powers to offer nuclear security guarantees to Ukraine, and stated its support for China's stand on the development of relations between countries and the establishment of a fair and rational new international political and economic order in line with the UN Charter and the established principles of international law, and on the basis of the five principles of peaceful coexistence.

5. The two sides agreed unanimously that they should strengthen their cooperation in international affairs through consultations at various levels.

6. The two sides stated that China and Ukraine oppose any form of separatism.

Ukraine reiterated that the PRC Government is the sole legitimate government of China and that Taiwan is an inseparable part of China, and affirmed that it will not establish official ties with Taiwan.

7. China reiterated that it fully supports the efforts made by Ukraine to reinvigorate its economy and safeguard national independence and sovereignty, as well as territorial integrity.

During the visit, the Chinese side announced its decision to grant financial aid gratis to Ukraine, and the Ukrainian side expressed its gratitude on this.

8. The two sides summed up the steady progress made in various areas of mutually beneficial cooperation since the two countries established diplomatic relations, and unanimously agreed that under the situation where the two countries' economic systems are changing, the gradual transition of bilateral economic and trade relations to the international norm, and the gradual transition to close economic and technological cooperation between the two countries, are an important orientation for enhancing economic and trade cooperation between them.

9. The two sides pointed out that the documents on mutual cooperation in various fields signed between the two countries have laid a fine foundation of treaties and laws for successful cooperation. The two sides expressed the belief that with the development and improvement of the existing foundation of laws and treaties, special attention should be paid to the effective implementation of documents and agreements that were already signed or reached.

10. The two sides held the belief that cooperation in the humanities and cultural fields is an important factor in deepening mutual understanding and strengthening friendship and mutual trust between the Chinese and Ukrainian peoples, and indicated that they will further develop cooperation in these areas.

11. The two sides decided through consultation that they will actively continue to conduct regular political dialogues at all levels, including the highest, to enhance cooperation in international security and development, and to deepen mutual understanding and trust.

[Signed] PRC Premier Li Peng and Ukrainian Prime Minister Marchuk

[Dated] 24 June 1995 in Kiev

Further on Accord

OW2406143495 *Beijing XINHUA in English*
1414 GMT 24 Jun 95

[FBIS Transcribed Text] Kiev, June 24 (XINHUA) — Visiting Chinese Premier Li Peng and Ukrainian Prime Minister Yevheniy Marchuk signed a joint communique here today, agreeing to raise the partnership between their two countries to a new level.

The joint communique on the visit to Ukraine by Chinese Premier Li Peng said China and Ukraine reiterated that they will abide by the principles stipulated in the Sino-Ukrainian Joint Communique on Establishment of Diplomatic Relations signed in January 1992, the Sino-Ukrainian Joint Communique signed in October 1992 and the Sino-Ukrainian Joint Declaration signed in September 1994.

The two sides agreed that to further expand and strengthen the friendship and partnership of cooperation between China and Ukraine accords with the fundamental interests of the peoples of the two countries, said the communique.

It said that China highly appreciates Ukraine's accession to the nuclear Nonproliferation Treaty in its capacity as a non-nuclear country and maintains that by so doing Ukraine has made a great contribution to world peace and stability.

In the communique, China reiterated its call on all countries that possess nuclear weapons to commit themselves not to use or threaten to use nuclear weapons against non-nuclear countries or regions. It also called on them to sign relevant documents of international law.

The communique said that Ukraine highly values China being the first among all major nuclear powers to offer nuclear security guarantee to Ukraine. It also expressed support to China's stand on the development of relations between countries in line with the United Nations Charter and the established principles of international law and on the establishment of a just and fair new international political and economic order.

The two sides also agreed to strengthen their cooperation in international affairs through consultation at various levels.

In the communique, Ukraine reaffirmed that the government of the People's Republic of China is the sole legitimate government of China and Taiwan is an inseparable part of China. Ukraine affirmed that it will not establish official ties with Taiwan.

China reaffirmed that it fully supports the efforts made by Ukraine in reactivating its economy and safeguarding

its national independence and sovereignty and territorial integrity.

On bilateral economic and trade ties, the two sides agreed to make the transition to international standardization and closer economic and technological cooperation an important orientation for enhancing economic and trade cooperation between them.

They also agreed to further develop cooperation in the fields of culture and humanities.

At the signing ceremony here today, the two countries also signed an agreement on cooperation in environmental protection and an exchange of letters on China's free financial aid to Ukraine.

After the signing ceremony, Marchuk told reporters that the visit to Ukraine by Premier Li Peng has been fruitful and will surely accelerate the relations between the two countries.

Li Peng expressed satisfaction over his talks with Ukrainian President Leonid Kuchma and Prime Minister Marchuk.

The two premiers shared the view that they have reached consensus on many issues.

Marchuk: Visit 'Fruitful'

OW2506100095 *Beijing XINHUA in English*
0949 GMT 25 Jun 95

[FBIS Transcribed Text] Kiev, June 25 (XINHUA) — Ukrainian Prime Minister Yevgeniy Marchuk said here today that Chinese Premier Li Peng's visit to Ukraine was fruitful.

Following a farewell ceremony for the Chinese Premier and his entourage, Marchuk told Chinese reporters that he was very satisfied with the results of the meetings between the two country's leaders.

He said the documents signed during Li's visit paved the way for further bilateral cooperation.

Marchuk said the two countries should strengthen direct trade and expand cooperation in high-tech sectors such as aviation and space.

He said both sides believe that bilateral trade can reach 2-3 billion U.S. dollars in the near future from last year's total of 837 million dollars.

Li Peng is now in Moscow for a four-day official visit to Russia. Prior to his Ukrainian tour, Li visited Belarus.

Begins Visit to Russia

OW2506073895 *Beijing XINHUA in English*
0727 GMT 25 Jun 95

[FBIS Transcribed Text] Moscow, June 25 (XINHUA) — Chinese Premier Li Peng arrived here this morning for a four-day official visit to Russia at the invitation of the Russian Federation Government.

Li came here from Ukraine, where he just ended a two-day official visit. He also visited Belarus.

Greeted by Chernomyrdin

OW2506095695 *Beijing XINHUA in English*
0946 GMT 25 Jun 95

[FBIS Transcribed Text] Moscow, June 25 (XINHUA) — Chinese Premier Li Peng arrived here today to begin a four-day official visit to Russia, during which he is expected to meet Russian leaders and to sign a number of bilateral documents.

The special plane with Li Peng on board landed at Moscow's Vnukovo-2 airport at 11:20 Moscow time (07:20 GMT).

At the airport, the Chinese Premier and his wife Zhu Lin were met by Russian Prime Minister Viktor Chernomyrdin and his wife Valetina Chernomyrdin.

A number of high-ranking Russian officials including the Russian Premier's assistant Gennadiy Kosheliy, Deputy Foreign Minister Alexander Panov and Russian Ambassador to China Igor Logachev, as well as Chinese Ambassador to Russia Li Fenglin were also there meeting Li Peng.

A welcoming ceremony was held at the airport. The Chinese Premier reviewed a guard of honor. Then his motorcade went to the Governmental Guesthouse, where he and his entourage were to stay.

In a written statement released at the airport, Li Peng said: "During my current visit, I will discuss with President Boris Yeltsin, Prime Minister Viktor Chernomyrdin and other Russian leaders on how to develop further the good-neighborly relations between our two countries and expand the mutually beneficial cooperation between us, and have an extensive and in-depth exchange of views with them on major international issues of mutual interest."

"The two sides will also sign a series of documents concerning cooperation," he said.

The Chinese Premier stressed that since the establishment of the state-to-state relations between the two countries, leaders of the two countries have frequently exchanged visits and kept close contacts with each other,

and the good-neighborly and friendly relations and mutually beneficial cooperation have developed steadily.

"All these have shown that our relations have entered a new phase of a constructive partnership," Li Peng pointed out.

Chernomyrdin wished Li Peng a successful visit and told the Chinese Premier that Moscow welcomes him.

In Moscow, Li Peng is scheduled to meet with Russian President Yeltsin and to hold talks with Chernomyrdin. He is also expected to meet with Ivan Rybkin, Speaker of the State Duma, the lower house of the Russian parliament.

They will discuss how to develop bilateral relations, particularly in the trade-economic field.

During his stay here, Li Peng will visit the memorial complex constructed on Moscow's Poklonnaya Hill in commemoration of the victory over the Nazi invaders in World War Two and the Treatyakov Art Gallery in downtown Moscow.

The Chinese Premier will also be awarded an honorary doctor's degree in the Moscow Institute of Energetics where he had been studying from 1948 to 1954.

Accompanying Li Peng on the visit are Vice-Premier Wu Bangguo and other high-ranking Chinese Government officials.

Visits Tomb of Unknown Soldier

OW2606080395 *Beijing XINHUA in English*
0753 GMT 26 Jun 95

[FBIS Transcribed Text] Moscow, June 26 (XINHUA) — Visiting Chinese Premier Li Peng laid a wreath to the Unknown Soldier Cemetery in Moscow this morning prior to his scheduled talks with Russian Prime Minister Viktor Chernomyrdin.

The cemetery, unveiled in 1967 in honor of the Russian soldiers who died in the war, is located at the Alexander Park near the Kremlin.

An inscription written in Russian on one of the ribbons on the wreath reads that their noble spirit will be immortal.

After laying the wreath, the Chinese Premier, who arrived here Sunday for a four-day official visit to the Russian Federation, stood in a silent tribute to the cemetery.

Duma Passes Sino-Russian Border Agreement

OW2406015795 Beijing XINHUA in English
0131 GMT 24 Jun 95

[FBIS Transcribed Text] Moscow, June 24 (XINHUA)
— The Russian Lower House, the State Duma, on Friday [23 June] ratified an agreement on China's western border with Russia.

The vote on the agreement, which was approved by the National People's Congress of China last December,

was adopted by an overwhelming majority of the 450-member Russian Lower House.

Chinese Foreign Minister Qian Qichen and his Russian counterpart, Andrey Kozyrev, signed the agreement on September 3, 1994, during the visit to Moscow of Chinese President Jiang Zemin.

China's western border with Russia stretches about 55 kilometers, most of which lies in mountainous areas.

Political & Social**Chen Ziming Forced To Return to Prison***BK2606090695 Hong Kong AFP in English
0857 GMT 26 Jun 95*

[FBIS Transcribed Text] Beijing, June 26 (AFP) — Leading Chinese dissident Chen Ziming has been forced to return to prison one year after he was released from a 13-year sentence on medical parole, his family said Monday.

"Between 30 and 40 policemen came to the house around 11 p.m. (1500 GMT) on Sunday evening [25 June]," his wife Wang Zhihong said by telephone.

"They said that the skin condition for which he was released had now been cured, and he would have to go back to prison," Wang said. After his release on parole in May 1994, he was diagnosed as suffering from cancer.

Chen, 42, was originally sentenced to 13 years for his leading role as one of the "black hands" behind the 1989 pro-democracy movement.

Chen had kept a relatively low profile following his release, but angered the authorities earlier this month by launching a 24-hour hunger strike to mark the sixth anniversary on June 4 of the brutal crushing of the 1989 movement.

In an open letter at the time to the press, Chen called for compensation for the victims of the Tiananmen Massacre and the release of the country's most celebrated dissident, Wei Jingsheng.

Wang said she was unsure if her husband's reincarceration was linked to his hunger strike.

Wang Dan's Hunger Strike Termed 'Farce'*HK2306145795 Hong Kong WEN WEI PO in Chinese
8 Jun 95 p A3*

[Dispatch from Beijing by staff reporter Liu Yung-pi (0491 3057 4310): "Wang Dan Himself Directs Farce of 'Hunger Strike' Late Last Year To Coordinate With Forces Attacking From Outside"]

[FBIS Translated Excerpt] Beijing, 7 Apr — This reporter recently learned from a reliable source of a relevant department in Beijing that "Wang Dan's going on a hunger strike and being on the verge of death," as reported by Western agencies, was purely a political farce masterminded by Wang Dan himself and by some people overseas who had a axe to grind.

According to the source, on 21 May this year, Wang Dan was detained by a Beijing judicial department for interrogation according to law on suspicion of disturbing

social order. Beginning the third day of his detention, a number of newspapers, periodicals, and radio and television stations devoted a considerable amount of space and time to the news released by the "China Human Rights Organization" that "Wang is going on a hunger strike." The "Organization" claimed that the information had been confirmed by Wang's mother. The newspapers also published the "suicide note" entitled "A Message to the People Throughout the World" signed by Wang. The note reads: "When this note is published, I will have been in prison. To protest against the authorities and express my indignation, I will begin an indefinite hunger strike the day I am put in prison." For a brief period, the report on Wang's insisting on a hunger strike, the exaggerated propaganda that his life was in danger, and the Human Rights Organization's appeal to the world for "urgent aid" all combined to make a sensation by the media, and readers found it difficult to know the truth. But what is the truth?

According to the reliable source, the truth was: On the evening of 21 May, Wang Dan was detained according to law. He ate breakfast on the morning of 22 May. At midday the same day, he said he would go on a hunger strike, but demanded that he be given a lot of milk to drink according to the Western practice. On the morning of 24 May, Wang, who had drunk milk for more than one day, asked of his own accord to resume normal meals. From then on, like ordinary Chinese, Wang took three meals a day. Just as he told his family members in a letter written on 1 June: "Things with me at present are as follows: I am in a rather good shape. Ordinarily I spend much time on physical training. The food is of a quite high standard, only I cannot have much. The housing and living conditions are not bad."

The source said: These are the objective facts showing what actually happened with Wang's so-called "hunger strike." It is also a fact that Wang's mother learned when she had a conversation with the personnel handling Wang's case on 25 May. At this time, however, news agencies and newspapers outside the borders were awash with reports of Wang's hunger strike. Some even said that Wang had gone on a hunger strike for seven days and that his death was expected at any moment. The news release distributed by Liu Qing, chairman of the "China Human Rights Organization," still asserted that Wang's mother had asked in a note whether Wang was still on a hunger strike. This was entirely an act irrespective of objective fact, and was designed to mislead the media.

The reliable source here said: The farce of Wang Dan's so-called hunger strike was planned by Wang and hostile forces outside the borders. As early as the end of last year, Wang fabricated, at one time, a lie

that he was tailed, and at another, a story that the police had threatened to beat him to death. The so-call "suicide note" completed on 8 December last year was sent to New York that same day. Then Wang claimed everywhere that he had sent a suicide note to Liu Qing, adding that if he was detained for interrogation, the suicide note would be published immediately. He was ready to "give his life to the struggle for democracy in the way of a hunger strike," he said.

Wang Dan and a number of hostile elements are playing on the stage the parts assigned them by their script. A "suicide note" has been prepared in advance, a hunger strike "show" has been staged and covered by the media outside the borders, and the effect brought about by the sensation seemingly has been achieved. Their plan could be considered well-conceived and their cooperation flawless. Nevertheless, just as the reliable source pointed out: Lies cannot cover up the facts. Once the mask and falsehood is stripped off, the people the world over will see for themselves the baseness and degeneration of the hostile forces. As the Chinese people are looking forward to stability and are hoping that the country will grow strong and they will lead an affluent life, such a political farce, staged to gain fame by deceiving the public, should wind up as soon as possible. [passage omitted]

Deng Xiaoping Said Hospitalized

HK2606005295 Hong Kong SOUTH CHINA
MORNING POST in English 26 Jun 95 p 8

[By Willy Wo-Lap Lam]

[FBIS Transcribed Text] Patriarch Deng Xiaoping was taken to hospital in Beijing about 10 days ago, but his condition has stabilised.

Sources close to the family said the doctors did not expect any "sudden deterioration" in the health of the 90-year-old, who has shown symptoms of advanced Parkinson's Disease since late last year. The doctors, however have expressed anxiety over the increasing frequency of his lapses. The previous one happened in late April, when at one point he was considered to be in danger.

As usual, Mr Deng is being treated in a special ward in the military-run 301 Hospital. However, Chinese politicians have continued to say his health is fine. And Politburo member Li Ruihuan tried yesterday to dispel "over-seas speculation" about the elder statesman's condition. "To my knowledge, comrade Deng Xiaoping is in good health at present," he said during a visit to Brazil apparently choosing his words carefully.

The thrust of the remarks by Mr Li, who is also chairman of the Chinese People's Political Consultative Conference, was to assure the world of the stability of the post-Deng leadership. "China's third generation of collective leadership with comrade Jiang Zemin as the core, which was formed with the direction of Deng Xiaoping, is united and strong and has the full support of the whole party and the whole nation," Xinhua (the New China News Agency) quoted Mr Li as saying in Sao Paulo.

Mr Li said the Chinese people agreed that political stability must be preserved. "The Chinese people, who have experienced the sufferings from social upheavals over a long period in the past, know very well the common people will be the victims of any upheaval." However, other comments by Mr Li, a leader of the Communist Party's liberal faction, indicated that there might be a divergence of opinion within the top echelon.

When asked to summarise the principle of China's reform, Mr Li put the emphasis on "people's initiatives". He said: "All reforms in China and related policies, regulations and measures are aimed at bringing people's initiatives into full play and fully tapping social potentials." Quoting Mr Deng, Mr Li added: "We must on the one hand liberate our thoughts and on the other base (policies) on facts."

Unlike "Mainstream Faction" leaders, such as Mr Jiang and premier Li Peng, Mr Li did not mention the need to follow Marxist precepts or to promote state control over ideology or the economy. Since the 1989 crackdown on the democracy movement, Mr Li has advocated "doing concrete things for the people" instead of strengthening the control apparatus.

Li Ruihuan Says Deng Xiaoping 'in Good Health'

OW2506043895 Beijing XINHUA in English
0412 GMT 25 Jun 95

[FBIS Transcribed Text] Sao Paulo, June 25 (XINHUA) — Chairman Li Ruihuan of the National Committee of the Chinese People's Political Consultative Conference (CPPCC) said that Deng Xiaoping is "in good health" at present.

In an interview with Brazilian reporters in Sao Paulo Friday [23 June], Li said, "To my knowledge, Comrade Deng Xiaoping is in good health at present, and speculations overseas about his health are groundless."

Li made the remark when asked about Deng's health and his views on China's future.

"Comrade Deng Xiaoping has performed immortal feats for the Chinese revolution and construction. He enjoys a high prestige among the Chinese people," Li said.

"The Chinese people sincerely wish him good health and a long life. His good health and long life are good fortune for the Chinese people," Li said.

The CPPCC chairman said that one of Deng's great contributions to China is "his meticulous arrangements" made years ago for matters of vital importance to China's development.

His theory of building socialism with Chinese characteristics has become the guidelines for national construction and his call for persistent adherence to the cardinal principles of the Communist Party of China has been fully accepted by the whole of the Chinese people, Li said.

"China's third generation of collective leadership with Comrade Jiang Zemin as the core, which was formed with the direction of Deng Xiaoping, is united and strong and has the full support of the whole party and the whole nation," Li said.

Li said that the Chinese people, who have experienced the sufferings from social upheavals over a long period of time in the past, know very well the common people will be the victims of any upheaval. Now that they have enjoyed the fruits of the policy of reform and opening to the outside world that has been carried out for more than 10 years, they fully support the current policy, Li said.

The Chinese people have full confidence in the future of their nation and China has a bright future, Li said.

Jiang Zemin Filling Top Posts With Proteges

HK2606054295 Hong Kong SOUTH CHINA MORNING POST in English 26 Jun 95 p 1

[By Willy Wo-Lap Lam]

[FBIS Transcribed Text] Several proteges of Chinese President Jiang Zemin are expected to be promoted to top Communist Party positions at the fifth Central Committee plenum, scheduled for the early autumn.

Party sources said over the weekend that Mr Jiang was also under pressure to appoint a politician from central or western China to the Politburo. The sources said Mr Jiang, who is also party General Secretary, hoped the plenum would ensure his supremacy and that of his Shanghai Faction in the post-Deng Xiaoping era.

Foremost among Jiang associates on the upswing is Head of the Central Committee General Office Zeng Qinghong, who is expected to be inducted into the Central Committee. A close associate of the president, Mr Zeng was a vice-party secretary of Shanghai until his transfer to the capital in 1989. Another high-flier tipped to make further headway is one of Mr Jiang's closest

economic aides, Zeng Peiyan. Mr Zeng Peiyan is a Vice-Minister of Planning and Vice-Secretary General of the party's Leading Group on Finance and Economics. Already an alternate member of the Central Committee, Mr Zeng Peiyan is expected to be made a full member of the council.

Political analysts in the capital said Mr Jiang had not made the decision on who would take the Politburo seat that would be vacated by the disgraced party secretary of Beijing, Chen Xitong. They said that to pacify the heartland, the president might elevate a party secretary from one of the central or western provinces, which do not have any representation on the supreme body.

Candidates with the best chances include the party secretaries of Sichuan, Shanxi and Jiangxi, respectively Xie Shijie, Hu Fuguo and Wu Guangzheng. At the same time that Mr Jiang is consolidating his power base, he has taken pains to defuse criticism that he is expanding his Shanghai faction. For example, the president has put off the transfer to Beijing of several trusted aides in Shanghai. They include Shanghai Party Secretary Huang Ju and member of the Shanghai party committee Chen Zhili.

This is despite speculation that Mr Huang, who is already a Politburo member, might in the coming year replace Wei Jianxing as party secretary of Beijing. A couple of Shanghai cadres promoted to Beijing in the past year have been transferred back to the East China metropolis. Former vice-chief of the Pudong zone in Shanghai, Huang Qifan, was made Head of the Industry Department of the Leading Group on Finance and Economics early this year.

Mr Huang, who is also close to Vice-Premier Wu Bangguo, a former Shanghai party boss, was earlier this month named a vice-secretary general of the Shanghai party committee. In addition to personnel matters, the plenum is expected to endorse proposals for the Ninth Five-Year Plan and a political document on the transition. The latter would confirm Mr Jiang's position as the "core" of the third-generation leadership.

Li Peng Submits Motions on Draft Laws to NPC

OW2406053895 Beijing XINHUA Domestic Service in Chinese 0935 GMT 23 Jun 95

[By reporters Liu Siyang (0491 1835 2254) and Jia Fenyong (6328 1164 0516)]

[FBIS Translated Text] Beijing, 23 Jun (XINHUA) — The State Council placed three motions to consider draft laws on civil aviation, medical practitioners, and sports before the 14th meeting of the Eighth National People's

Congress [NPC] Standing Committee, which opened today.

In submitting the motion to consider the draft law on civil aviation, Premier Li Peng said: The State Council Bureau of Legislative Affairs and the Civil Aviation General Administration of China [CAGAC], after extensively soliciting opinions, summing up practical experience, and referring to relevant international treaties and foreign experience, have formulated a draft law on civil aviation to safeguard state sovereignty over territorial air space and civil aviation rights, to guarantee safe and orderly civil aviation activities, to protect all aspects of the legitimate rights and interests of parties conducting civil aviation activities, and to promote the development of the civil aviation industry. The draft law had been discussed and approved by the State Council executive meeting.

On behalf of the State Council, CAGAC Director Chen Guangyi explained such matters as the scope of application of the draft law on civil aviation, aviation safety and security, responsibilities of carriers, limits to liability for damages, and international treaties.

In submitting the State Council's motion to consider the draft law on medical practitioners, Premier Li Peng said: The Ministry of Public Health, on the basis of practical experience, investigations and studies, and widely solicited opinions, has formulated a draft law on medical practitioners to tighten the management of medical practitioners, to improve their professional standards, to protect their legitimate rights and interests, and to protect the people's health. The draft law had been discussed and approved at the State Council executive meeting.

On behalf of the State Council, Public Health Minister Chen Minzhang explained the need to formulate the law on medical practitioners and a few issues concerning the draft law.

In submitting the State Council's motion to consider the draft law on sports, Premier Li Peng said: The State Physical Culture and Sports Commission, after extensively soliciting opinions and summing up practical experience, has formulated a draft law on sports to develop sports undertakings, to improve the people's physical fitness, to improve the level of sports skills, and to promote socialist material and spiritual civilization. The draft law had been discussed and approved at the State Council executive meeting.

The State Physical Culture and Sports Commission since 1988 had begun drafting the draft law on sports, which covers 56 articles in nine chapters. At the meeting today, Wu Shaozu, minister in charge of the State

Physical Culture and Sports Commission, explained on behalf of the State Council the need to formulate the law on sports, the law's legislative aim, and a few issues raised in the draft law.

Qiao Shi Attends NPC Committee Meeting Opening
OW2406144795 Beijing XINHUA Domestic Service in Chinese 0934 GMT 23 Jun 95

[By reporters Liu Siyang (0491 1835 2254) and Jia Fenyong (6328 1164 0516)]

[FBIS Translated Text] Beijing, 23 Jun (XINHUA) — The 14th meeting of the Eighth National People's Congress [NPC] Standing Committee opened at the Great Hall of the people this morning.

Chairman Qiao Shi presided over the meeting.

In line with the agenda, the meeting's participants first listened to reports on results of the deliberation of four draft laws delivered by NPC Law Committee Vice Chairmen Xiang Chunyi, Li Yining and Wang Shuwen, and Chairman Xue Ju. The four draft laws are: the guarantee law, the insurance law, the decision on punishing criminals disrupting financial order, and the energy conservation law.

According to a briefing, these four draft laws had already been explained and deliberated at the 12th and 13th meetings of the NPC Standing Committee. After the meetings, copies of the draft laws were distributed to all provincial, autonomous regional, and municipal people's congress standing committees as well as the relevant departments for solicitation of opinions. Based on suggestions of members and the relevant departments, the NPC Law Committee revised the draft laws.

Then, the State Council submitted three draft laws to the current meeting. Entrusted by the State Council, Chen Guangyi, director of the Civil Aviation General Administration of China; Chen Minzhang, minister of public health; and Wu Shaozu, minister in charge of the State Physical Culture and Sports Commission; explained the draft laws on civil aviation, medical practitioners, and physical culture, respectively.

Entrusted by the State Council, Vice Foreign Minister Tang Jiaxuan submitted the Sino-Turkish treaty on judicial cooperation in civil, commercial, and criminal affairs to the meeting for deliberation and approval.

The meeting today also deliberated the draft decision on the election dates of the people's deputies of township-level people's congresses.

Vice chairmen Tian Jiyun, Wang Hanbin, Ni Zhifu, Chen Muhua, Fei Xiaotong, Sun Qimeng, Lei Jieqiong,

Li Ximing, Wang Bingqian, Pagbalha Geleg Namgyai, Wang Guangying, Cheng Siyuan, Lu Jiaxi, Buhe, and Li Peiyao; and Secretary General Cao Zhi were present at the meeting.

State Councillor Song Jian and Supreme People's Court President Ren Jianxin observed the meeting.

'Text' of Qian Qichen Speech at PWC Plenum

*HK2606025595 Hong Kong WEN WEI PO in Chinese
23 Jun 95 p A7*

[*"Full Text of Opening Speech Made by Qian Qichen at the Fifth Plenary Meeting of the Preliminary Working Committee"*]

[*FBIS Translated Text*] Beijing, 22 Jun (WEN WEI PO) — Qian Qichen, director of the Preliminary Working Committee [PWC] of the Preparatory Committee for the Hong Kong Special Administrative Region [SAR], delivered an opening speech today at the PWC's Fifth Plenary Meeting. The following is the full text of the speech:

Fellow members:

The Fifth Plenary Meeting of the PWC of the Preparatory Committee for the Hong Kong SAR is now open.

The PWC's work in all fields has advanced continuously over the past six months or so, and the special groups have done a great deal of work. At today's plenary meeting, the officials in charge of the special groups will give members an account of their work for deliberation and approval. I would like particularly to point out that during April and May this year, five special groups went to Hong Kong one after another to hold meetings and carry out consultations. We are glad to see that people from all walks of life in Hong Kong have shown their concern for the PWC's activities in Hong Kong, and have expressed their support and praise for its proposals. The large-scale symposiums and luncheons sponsored by the economic, cultural, social, and security groups have further spread the propaganda of the Basic Law, manifesting the determination of the Chinese Government to strengthen and maintain Hong Kong's status as an international financial center. The PWC's activities give Hong Kong compatriots an account of the practical and effective measures being adopted for the maintenance of Hong Kong's social stability and for the carrying out of a smooth transition, which will help increase confidence of both the Hong Kong people and foreign investors. Facts have proved that as long as the PWC sees eye-to-eye with the Hong Kong people; maintains close ties with them; listens extensively to opinions and suggestions on transitional matters from people in various Hong Kong circles; briefs them as

much as possible on the PWC's work, stand, and views on a number of major issues; and explains the background to the proposed suggestions and plans; we will be able to obtain the full understanding and support of the masses of people in Hong Kong. As the PWC's work is coming to an end, and all the suggestions and opinions have become increasingly mature, it has become all the more important to maintain contacts with the Hong Kong people and listen to their views. In the future, we will further implement in earnest the principle of "gearing the PWC's work to the needs of the Hong Kong people, and relying on the Hong Kong people," and will continue to do our job well.

The governments of China and Britain recently reached an agreement on Hong Kong's court of final appeal, which is an event of positive significance, both for Sino-British cooperation on the Hong Kong question, as well as for relations between the two countries. As everyone knows, this encompasses the fruitful results of the PWC's work. The issue of the court of final appeal was the focus of attention in various Hong Kong circles some time ago, and some people were worried that there would be a "legal vacuum" if the court were not set up before 1 July 1997. In view of such state of affairs, the political affairs group deliberated the establishment of the court of final appeal, and promptly proposed an eight-point opinion of principle for forming the court of final appeal. It indicated that regardless of whether the Sino-British negotiations could produce an agreement on Hong Kong's court of final appeal, the Chinese Government was determined and capable of establishing the court at the same time the SAR would be established so as to ensure a completely independent, complete judicial system for the SAR from its inception, which can avoid the problem of a so-called "legal vacuum." As the eight-point opinion conforms with the provisions of the Joint Declaration and the Basic Law, and with the realities in Hong Kong; helps to maintain Hong Kong's rule of law; and is operational; it was wholly accepted during the Sino-British negotiations on the question of the court of final appeal, thereby playing an important role in pressing for the final signing of the agreement. According to the Sino-British agreement on the court of final appeal, the leading group that will take over the SAR will be responsible for organizing the establishment of the court of final appeal on 1 July 1997, with the participation and assistance of the British side. By doing so, we can realize the objective of having the court of final appeal at the time the SAR is established, and also give full expression to the principle of "Hong Kong people ruling Hong Kong. That the PWC's opinion was accepted explains that the PWC's work is accepted and approved by the Hong Kong public

in general, and is conducive to promoting rather than hindering Sino-British cooperation.

At this meeting, we will discuss matters concerning the establishment of the Preparatory Committee for the SAR, and will strive to make relevant proposals. At the previous plenary meeting, members discussed the "Concrete Plan for Establishing the Preparatory Committee for the SAR," which proposed that the Preparatory Committee be inaugurated in January 1996. According to the provisions of the decision of the National People's Congress [NPC] in 1990, it is necessary to establish the Preparatory Committee as early as possible in 1996. As the decision to establish the Preparatory Committee for the Hong Kong SAR was made by the NPC, the NPC Standing Committee is to draw up regulations on specific matters concerning the Preparatory Committee.

For this reason, the meeting of directors insisted that the PWC's proposal should be written more in principle, and the concrete plan should be further perfected so that the NPC Standing Committee can use it for reference. In the next six months, the PWC should make suggestions and proposals for various issues listed in its work plan, while further perfecting suggestions and proposals already taking shape. At this meeting, I hope that all members will discuss, examine, and freely air their views regarding the suggestions and proposals put forward by the special groups so that they can be used for reference in the drafting of various plans. These results will mark the PWC's successful completion of its mission.

Fellow members: To realize Hong Kong's stable transition and the smooth establishment of the Hong Kong SAR, we have to rely on the participation of the Hong Kong people, as well as the support of central policies. Hong Kong's smooth transition involves a variety of affairs. The future Hong Kong SAR's relations with the Taiwan region are an important issue we face today; they also are a matter of general concern to the Hong Kong people. Taking into account Hong Kong's history and reality, and in accordance with Comrade Deng Xiaoping's concept of "one country-two systems," with the spirit of his speeches concerning post-1997 Hong Kong-Taiwan relations, and with the "one-China" principle, the central government has conducted a host of investigations and serious studies on this issue, has extensively listened to opinions from various circles — including the Hong Kong people — and has drawn up the basic principles and policies for post-1997 Hong Kong's handling of matters related to Taiwan. On behalf of the State Council, I would like to take the opportunity of the convocation of the PWC's Fifth Plenary Meeting to announce the following:

It is the common aspiration of all the Chinese people, including the Hong Kong and Taiwan compatriots, that the PRC Government resume the exercise of its sovereignty over Hong Kong. The relations between the Hong Kong SAR and the Taiwan region after 1997 will be a special component of cross-strait relations. Regarding Hong Kong's relations with Taiwan after 1997, matters involving state sovereignty and cross-strait relations should be arranged and handled by the Central People's Government, or by the SAR Government under the guidance of the Central People's Government. Nongovernmental exchanges between Hong Kong and Taiwan, and the just rights and interests of the Hong Kong and Taiwan compatriots will be safeguarded so as to promote common prosperity of the two regions. The basic principles and policies determined by the Central People's Government for post Hong Kong's handling of matters related to Taiwan are:

First, the current nongovernmental exchanges and contacts between Hong Kong and Taiwan — including economic and cultural exchanges, and personnel contacts — are to remain basically unchanged.

Second, investment by Taiwan inhabitants and capital in Hong Kong, as well as trade and other industrial and commercial activities, are both encouraged and welcome. The just rights and interests of Taiwan inhabitants and various capital will be protected by law.

Third, in accordance with the "one-China" principle, the air and shipping links between the Hong Kong SAR and the Taiwan region are to be managed according to "special regional services." The air and shipping transportation between the two regions will be carried out in light of the principle of mutual benefit.

Fourth, Taiwan inhabitants may enter or leave Hong Kong, and may enter schools, seek employment, or reside there in light of Hong Kong SAR laws. To make it convenient for Taiwan inhabitants to enter and leave Hong Kong, the Central People's Government will make arrangements for their traveling documents and relevant matters.

Fifth, based on the principles of neither side's being subordinate to the other, non-interference in each other's internal affairs, and mutual respect, Hong Kong SAR's education, scientific and technological, cultural, art, professional, medical, health, labor, social welfare, social work, and other nongovernmental organizations and religious groups may maintain and develop relations with relevant nongovernmental groups and organizations in Taiwan.

Sixth, the official contacts, commercial talks, signing of agreements, and establishment of offices in any

name between Hong Kong SAR and the Taiwan region must be submitted to the Central People's Government for approval, or must be approved by the SAR chief executive with the specific authority of the Central People's Government.

Seventh, Taiwan's existing offices and staff in Hong Kong may remain. In their action, they should strictly abide by the "SAR Basic Law of the PRC" and not violate the "one-China" principle or engage in activities undermining Hong Kong's stability and prosperity and not conforming to their registration. Their contribution to reunification of the motherland, and their maintenance of Hong Kong's prosperity and stability, are encouraged and welcome.

I would like particularly to explain that these policies are based on the "one-China" principle and on the "one country-two systems" policy. We urge the Taiwan authorities to have a clear understanding of the situation, face reality, adopt a practical attitude, remove all the obstacles, and not attempt to create "two China's" or "one China, one Taiwan" in their relations with Hong Kong. We also urge Taiwan's offices and personnel in Hong Kong to strictly abide by the "SAR Basic Law of the PRC," apply it as a guide to their actions, not violate the "one-China" principle, and not engage in activities undermining Hong Kong's stability and prosperity.

Fellow members, there is a number of agendas at the current PWC Plenary Session, and the tasks are arduous. As long as we rely on the collective wisdom of all members, and pool the useful ideas of the masses, I believe we surely will be able to do a better job in PWC work.

Hu Jintao Urges Stronger Party-Building

*OW2506144995 Beijing XINHUA in English
1346 GMT 25 Jun 95*

[FBIS Transcribed Text] Beijing, June 25 (XINHUA) — Greater efforts should be made to further strengthen the building of the Chinese Communist Party (CPC) ideologically and organizationally and in its working style, a senior party leader has urged.

Hu Jintao, a member of the Standing Committee of the Political Bureau of the CPC Central Committee, said that the work "is the fundamental political and organizational guarantee for the success of the modernization drive".

Also, it serves to benefit the reform, development and stability, Hu told local party officials when he made an inspection tour of the Inner Mongolia Autonomous Region and the Ningxia Hui Autonomous Region during June 15-24.

The up-coming July 1 will be the 74 anniversary of the founding of the CPC.

"Party committees and governments at various levels should concentrate their attention on economic construction," Hu said, adding that the officials should further emancipate their minds so as to acquire a new concept on the development of socialist market economy.

Great attention should be paid to strengthening the building of the party organizations at various levels, their leading groups in particular, which to some extent is vital to the party building as a whole, Hu said.

Referring to the training and promotion of young officials, Hu said that those, who have won great merits in implementing the Party's line, principle and policies and enjoyed support from the masses should be promoted promptly.

Li Ruihuan Views Reform, Opening Up Policy

*OW2506052795 Beijing XINHUA in English
0425 GMT 25 Jun 95*

[FBIS Transcribed Text] Sao Paulo, June 25 (XINHUA) — A senior Chinese official said China has paid a great deal of attention to the dynamics of its reform, the speed of development and social stability, which determine the extent of reform and construction in the country and its overall situation.

Chairman Li Ruihuan of the National Committee of the Chinese People's Political Consultative Conference (CPPCC), who is here on a week-long visit, said this in an interview with Brazilian reporters here Friday [23 June].

Asked about positive and negative experience gained by China in its economic reform and opening to the outside world, Li said that the first positive experience is to bring people's initiatives into full play.

He explained that all reforms in China and related policies, regulations and measures are aimed at bringing people's initiatives into full play and having social potentials fully tapped.

"In this way, we could liberate and develop productive forces," he said.

The second is to be pragmatic, that is, to do solid jobs and put practice in the first place, he said.

Li said that the third one is to handle very carefully the relationship between the reform, the development and the social stability.

Li cited the lack of experience, mismanagement and some other problems as the negative experience drawn from the reform process.

Luo Gan Addresses Cadres Departing for Tibet

OW2306164195 Beijing XINHUA in English
1555 GMT 23 Jun 95

[FBIS Transcribed Text] Beijing, June 23 (XINHUA)
— Eighty-one cadres selected from 32 ministries and departments are to depart here on June 26 for the Tibet Autonomous Region to help with its development.

Speaking at a training course for the cadres which ended here today, State Councillor Luo Gan said that they should continue the practice of plain living and hard work, improve unity among different ethnic groups, respect the traditions and customs of ethnic minorities, make contributions to the development and stability of Tibet, and safeguard the unity of the motherland.

The three-day course was designed to familiarize the cadres with the Party and Chinese government's policy on Tibet, its religion, history, living conditions, and customs.

The training course was sponsored by departments of the Central Committee of the Communist Party of China (CPC) including the CPC Organization Department and the Ministry of Personnel.

China has taken various steps to push the development of Tibet, including organizing departments at central and provincial government levels in economically developed areas to provide Tibet with substantial economic aid, and to encourage capable cadres and experts to work in the region for a period of time.

Around 500 cadres sent this year by 14 provinces and cities have already arrived in Tibet, and about 100 college graduates who are to be assigned to central government departments later this year will join them this August.

Former CSRC Official Arrested for Taking Bribes

HK2606060495 Hong Kong EASTERN EXPRESS
in English 26 Jun 95 p 1

[By Staff Reporter]

[FBIS Transcribed Text] A former senior official of China's top regulatory watchdog, the China Securities Regulatory Commission (CSRC), is believed to be under arrest in Beijing for allegedly taking bribes, sources in the Chinese capital said.

Lu Xiaolong, a former deputy director of the commission's department of continuous compliance, was said to have been taken into custody last month for allegedly accepting shares from companies which had later been allowed to list on domestic stock exchanges.

Sources said that Lu was arrested shortly after he left the CSRC to form his own investment company with several friends in Beijing. The alleged bribery took place last year when he still worked for CSRC, the sources said. The case has sent shockwaves through China's top regulatory body as this is the first time that a CSRC official has been implicated in a bribery case since the commission's formation in October 1992.

China's Vice-Premier, Zhu Rongji, is said to have ordered a thorough investigation into the case. Zhu is also the chairman of the State Securities Policy Commission with the CSRC acting as the executor of its policies. Chinese investors have long complained that corruption and insider trading is prevalent throughout the country's chaotic securities market. They are often the cause of sporadic protests and riots in Shanghai and Shenzhen where the country's two main stock markets are located.

The sources said Beijing has now started to take more seriously allegations of wrongdoing in the stock markets. The CSRC recently shut the country's state treasury bond markets following rampant corruption and after rules were widely flouted. Late last year, Wang Lin, the chief of the Shenzhen securities regulatory authority, was arrested on corruption charges. That was followed by the arrest of the vice-chairman of the Shanghai-listed Shanghai Forever Bicycle Company for accepting bribes in return for allocating the company's much sought after shares to friends.

Sources said that Lu's arrest came shortly after that of the chairman of a Shenzhen-listed company. It is alleged that Lu accepted shares from that company, and several other companies, who were later allowed to list on Chinese exchanges.

Anticorruption Drive Causing 'Power Struggle'

OW2506154795 Tokyo MAINICHI SHIMBUN
in Japanese 22 Jun 95 Morning Edition p 7

[By Koji Uemura]

[FBIS Translated Text] Beijing, 21 Jun — An informed Chinese source said on 21 June that a power struggle between hostile political forces has begun since Peng Zhen, a CPC elder who was formerly chairman of the Standing Committee of the National People's Congress [NPC], made a statement to apply the brakes on excesses in the anticorruption campaign. A subtle difference in positions on the anticorruption campaign, which started with Beijing Municipality, can now be observed among the PRC leaders.

Peng Zhen, who has close ties with Beijing, commented on the anticorruption prosecutions in the capital city in

mid-May, saying: "We must not destroy our unity on account of outsiders."

The corruption cases in Beijing revolved around the development of the Dongfang Square with Hong Kong capital. Peng was referring to Hong Kong businessmen when he said "outsiders." Chen Xitong, who is said to be affiliated with Peng Zhen, has also been relieved as secretary of the Beijing Municipal Party Committee.

Peng's statement pointed out that excessive anticorruption prosecutions may result in a split in the leadership; it covertly sought restraint in the prosecutions. The gist of Peng's remarks was conveyed to the concerned officials through a series of meetings, including one by the Beijing Municipal Party Committee.

Partly as a result of this, and because of the politically sensitive period with the approaching anniversary of the Tiananmen incident (on 4 June), the PRC leadership suspended the anticorruption drive temporarily to impress the Chinese people and foreign countries of the party's unity. However, after 4 June, leaders who are keen on anticorruption prosecutions have resumed their active campaign.

For example, Chairman Qiao Shi of the NPC Standing Committee, who is an active supporter of reforms, repeatedly calls for waging the anticorruption campaign. Vice Premier Zhu Rongji has also emphasized that the anticorruption drive is a "resolute and absolutely unwavering campaign." (6 June) They thus resist the forces favoring restraint in anticorruption prosecutions.

On the other hand, Premier Li Peng, who is up against widely circulating rumors about his son's corruption, seems to be attempting to tone down the anticorruption campaign. He rarely talks about anticorruption.

President Jiang Zemin, who has been taking the leading role in the anticorruption drive, has recently refrained from talking about the campaign. There is speculation that he is now selecting his targets to strengthen his own political position.

Officials of State Firms To Account for Spending

*HK2406080495 Hong Kong HONGKONG
STANDARD in English 24 Jun 95 p 7*

[By Apple Wan]

[FBIS Transcribed Text] China is expanding its anti-corruption campaign to cover officials of state-owned enterprises and social institutions by asking them to report on how they spend public funds. Beijing's new regulation is aimed at stopping officials of state firms from using state funds for private banquets. According to the new regulation, a copy of which was obtained by

the Hong Kong Standard, officials of state enterprises and social institutions should regularly report to staff representative committees on how they spend funds set aside for entertainment uses.

Observers say such funds have often been used for wining and dining officials in return for favours, leading to widespread corruption. Jointly issued by the Ministry of Supervision, State Economic and Trade Commission and All-China Federation of Trade Unions, the new regulation has been approved by the central authorities, according to officials.

In a related circular, the General Office of the State Council, which functions as China's cabinet, urged all regional authorities and local departments to fully implement the 10 clauses of the new regulation. The circular said leading government officials of several state enterprises had been diverting public funds to private use. It added that supervision and management of these "hotbeds of corruption" should be strengthened.

The regulation was needed to overhaul the enterprises and ensure "clean" leadership, it added. "(State) enterprises should strengthen management of entertainment expenses, be industrious and frugal. "Any kind of extravagance and waste should be banned and financial discipline should also be abided by," the circular said.

The new regulation requires the heads and managers of state enterprises to report to the staff representative committee once every six months. The committee is required to disseminate the report to all workers.

The regulation said that the reports should include the items and costs of the expenses, as well as some other supplementary information such as justification for the expenditure and the spending procedures. The circular said that delayed reports or intentional cheating should be corrected by the company section leader and that erring officials should be criticised or disciplined.

The nationwide campaign to crack down on rampant corruption started last year and has resulted in the prosecution of 5,714 people in the first three months of this year, including a growing number of government and party officials. Government and business officials using public funds for entertainment have drawn much public criticism. Official figures show that Chinese officials had spent about 400 billion yuan (HK\$373 billion) on wining and dining last year, an amount which also accounts for a large part of China's fiscal expenditure for that period.

Human Rights in Criminal Prosecutions Viewed
OW2306140895 Beijing FAZHI RIBAO in Chinese
18 May 95 p 7

[Article by Deng Xiaogang (6772 1420 0474) and Zhu Guilian (2612 2710 5571): "On Human Rights Protection During the Enforcement of Coercive Criminal Measures"]

[FBIS Translated Text] The coercive criminal measures stipulated in China's Criminal Law include the following: Answering summons issued by courts, awaiting trial on bail, living under surveillance, being put under custody, and being put under arrest. These coercive criminal measures have played an important role in the country's effort to ensure a smooth process of prosecutions and trials, and are therefore a powerful weapon in the hands of judicial organs in their fight against criminal offenders.

Coercive criminal measures are aimed at restricting the personal freedoms of people. From the surface, they seem to attain the goal of ensuring a smooth process of criminal prosecutions and of finding out the truth in cases at the cost of sacrificing the human rights of certain people. Because nobody can be considered a criminal until a people's court finds him guilty, and also because people's courts are the only organs which can mete out rulings on whether or not one is guilty, any restriction of the personal freedom of those who have not yet been found guilty by a court during the process of criminal prosecution naturally sounds inappropriate. However, this is only a superficial resemblance. We should understand that, in essence, coercive criminal measures do not attain their goal totally at the cost of sacrificing human rights, otherwise there is no need for the procedure of "taking legal proceedings" during the process of criminal prosecution, for we can totally rely on the coercive force of the state. The reason the procedure of taking legal actions is necessary is that we need to impose strict restrictions on the judicial organs of the state in their use of the state's coercive force, so that we can prevent any abuse of state power which may result in impairing the rights of culprits and of other litigants involved. Therefore, coercive criminal measures are expected to protect human rights while restricting them; in reality, they do play the role of protecting human rights. This can be seen from the following several aspects: 1) Judging by the object, coercive criminal measures are restricted only to a minority of people, such as culprits, major suspects, and criminals caught at the crime scene; and the use of such measures should also accord with statutory conditions. 2) Judging by the organs which give approval and decision on

the enforcement of coercive criminal measures, only people's courts, people's procuratorates, public security organs, and national security organs have the right to exercise the measures; and no other state institution can act as a substitute. 3) Judging by the procedures, the enforcement of coercive criminal measures must be kept strictly in line with legal procedures. 4) Judging by the means of legal aid, China has established a legal aid system in order to protect the rights of the innocents under the enforcement of coercive criminal measures. 5) Judging by the objectives of coercive criminal measures, the ultimate objective in using coercive criminal measures is to ensure a smooth process of criminal prosecutions, find out the truth of cases, and crack down on criminal offenders; while the goal of cracking down on criminal offenders is to protect the rights of the majority of people. From this we can see that coercive criminal measures do not give up human rights protection as a sacrifice for the smooth process of criminal prosecutions; on the contrary, they provide human rights protections to a greater extent while restricting the human rights of certain people.

Human rights is an issue of domestic law, yet it is also an issue of international law. A series of international human rights principles have been written into such legal documents as the "Charter of the United Nations" and the "World Human Rights Declaration." Just as the "World Human Rights Declaration" has claimed, these principles should be regarded as "the common criteria to be fulfilled by all the people and all the countries through hard efforts." As a sovereign state, China has the right to, under the guidance of the human rights principles acknowledged by other countries in the world, define its own criteria and contents of human rights in light of its national conditions. For this matter, no any other country has the right to make irresponsible judgments according to its own human rights criteria. In order to further reinforce human rights protection during the enforcement of coercive criminal measures, this writer believe that work can be done in the following several fields:

1. Among all the coercive criminal measures, it is necessary to appropriately reduce those measures which aim at restricting and depriving people of their personal freedom. Personal freedom is the most basic right of a citizen, and a proper control should be exercised on moves to restrict or deprive people of this right. Except for those who have committed capital offenses or treason, every culprit under custody should be allowed to personally, or through his families or work units, apply for a temporary release on a certain amount of bail which aims to secure that the culprit will be on call at any hour during the trial-awaiting period. In China, it

is also practical to establish a "trail-awaiting system with assets as the bail," for the system will not only ensure a smooth process of the prosecution but can play the role of protecting human rights as well.

2. Efforts must be made to improve the procedures of employing coercive criminal measures, and let more people understand the use of such measures so as to make such measures more democratic. The employment of coercive criminal measures should be conducted strictly in line with statutory procedures, while the starting point of such procedures should be to ensure a smooth process of prosecutions and to provide full protection of human rights. When legislating relevant laws, we should have a clear idea of the respective rights and obligations of judicial organs on the one hand, and of culprits, suspects, and criminals caught at the crime scene on the other. This is because the latter are usually in an unfavorable and passive position during the enforcement of coercive criminal measures. To do this, besides improving the legislation of procedures, we should also improve the coordination between people's courts, people's procuratorates, public security organs, and national security organs, making them condition each other. Moreover, special attention should be paid to reinforcing legal supervision over these organs.

3. Lawyers are suggested to engage in studying the process of applying coercive criminal measures so they can help protect the rights of culprits, suspects, and criminals caught at the crime scene. Most of the advanced countries and regions in the world have already adopted such a practice, and this principle has also been written into the legal documents of a number of international organizations and conferences. The Eighth UN Conference on Preventing Crimes and Improving Treatments of Criminals, which was held in Havana in 1990, adopted the "Basic Principle Guiding the Roles of Lawyers." It has been stipulated in the first clause of the principle: "Any individual has the right to choose a lawyer to help protect and define his rights, and to defend him at every stage of the criminal prosecution." The fifth clause also stipulates: "The governments of all countries should ensure that the department in charge will inform any individual under arrest, custody, or criminal accusations of his right to choose for himself a lawyer who can provide assistance." China has signed this legal document, and has incorporated relevant stipulations into the Law of Criminal Procedures. Therefore, we should try to improve our work toward this direction, so as to protect the rights of relevant litigants to a greater extent.

4. With an aim of protecting the rights of the innocent, strides should be taken to improve the legal aid system during the enforcement of coercive criminal measures.

However, since the State Compensation Law is still new in this country, the already-established compensation system needs further improvement; particularly, more work needs to be done to improve compensation procedures and the supervision mechanism. What is more, since relevant laws and statutes lack clear-cut stipulations on the punishment of possible violations of the rights entitled to litigants during the enforcement of coercive criminal measures, such as answering summons, awaiting trial on bail, and living under surveillance, we need to improve and perfect these measures through legislation.

'Human Rights' Series Response to Criticism

HK2606020195 Beijing RENMIN RIBAO in Chinese
10 May 95 p 11

["Books and Journals Review and Introduction" column article by Zhang Guozuo (1728 0948 4373): "A Spectacular Basic Project — Commenting on 'Human Rights Study Material Series'"]

[FBIS Translated Text] The issue of human rights is both an important theoretical question and a practical one; it is also a focal point in the struggle of international politics, diplomacy, and ideology. For a long time, a few Western powers have continually used the so-called human rights issue to pursue power politics, interfere in the internal affairs of other countries, and cause great confusion over the issue of human rights. On the other hand, for a period in the past we did not attach sufficient importance to the theoretical study of human rights, and materials regarding human rights studies were far from comprehensive. Therefore, despite the fact that China has scored universally accepted achievements in improving human rights since the founding of New China, we have not made a systematic summary and generalization of them. As a result, when some countries in the West launch aggressive attacks on our human rights situation, we have failed to organize timely and effective counterattacks.

In view of this situation, relevant central leaders solemnly pointed out that it was imperative to strengthen human rights studies and smash, diplomatically and theoretically, the scheme of international hostile forces to make use of the "human rights issue" to interfere in China's internal affairs, and that it was necessary to use the basic viewpoints of Marxism to explain accurately and in simple language democracy, freedom, and human rights so as to educate our cadres and people, particularly young students. This was an important task in education on the need to uphold the four cardinal principles. To this end, sponsored by the Department of Propaganda of the CPC Central Committee, in 1991 more than 100 experts and academics

plunged themselves into intensive editing work; these experts were from the Central Party School, the Bureau for the Translation of the Works of Marx, Engels, Lenin, and Stalin of the CPC Central Committee, the Chinese Academy of Social Sciences, Beijing University, the Ministry of Foreign Affairs, the General Office of the National People's Congress Standing Committee, the Supreme People's Court, the Supreme People's Procuratorate, the All-China Federation of Trade Unions, and the All-China Women's Federation. In the course of editing, several theoretical seminars were held on human rights. After more than three years of effort, the *Human Rights Study Materials Series*, which comprises over four million Chinese characters and is divided into seven volumes, was successfully completed and recently published by the Sichuan People's Publishing House.

The contents of this series cover nearly all aspects of the human rights question today. The *General Introduction* was written by Professor Jin Huiming, who presided over the editing and compilation of this series. The *Marxist Theory of Human Rights*, edited by Li Zhuxi, selects and incorporates into it the expositions of Marx, Engels, Lenin, Stalin, and Mao Zedong on human rights, thus providing a powerful weapon for understanding and studying the question of human rights. The *Improvement of Human Rights in China*, edited by Su Ming, includes stipulations regarding the protection of citizens' various rights under China's current constitution, laws, and regulations, and, through a large accumulation of data and statistics, typical examples, and related materials, discusses in detail the current actual situation of China's protection of human rights. The two-volume *Human Rights Theories in the West, Developing Countries and Human Rights*, and *Views of Socialist Parties and Democratic Socialism on Human Rights*, edited respectively by Huang Dansen, Shen Zongling, Liu Nanlai, Wu Xiongcheng, and Zhang Zhongyun, include classical and modern works and theories on human rights in Western societies since the 17th century, along with the basic positions, views, and documents of developing countries regarding human rights, and the human rights programs, works, declarations, and speeches of socialist parties, the former Soviet Union, and other East European countries. They reflect the basic positions and views of the major forces in the modern world on the question of human rights. *Human Rights Legislation in Various Countries*, edited by Dong Yunhu, is an encyclopedia of international laws and agreements on human rights; it arranges the more than 160 documents, in the form of relevant chapters and bills on human rights in the constitutions of 135 countries, and compiles them according to the five continents, namely, Europe, America, Asia, Africa, and Oceania, thus providing a system-

atic reflection of human rights legislation and systems of various countries, with different social and political systems, different levels of development, different religions, and different cultural backgrounds.

This book series principally contains the following three characteristics: 1. **Rich and comprehensive in content, it is of important value for study and reference.** It covers a period of more than 400 years and embodies the human rights ideas, viewpoints, and legal systems of various types of countries with various systems and at various stages of development. Of these, the Marxist theory on human rights provides us with a scientific theoretical basis to correctly understand and solve human rights issues. 2. **The materials are detailed and reliable, and thus have authenticity and practical value.** Many of the documents and materials were either supplied by the related government departments, directly translated from the latest foreign language texts, or re-edited and checked on the basis of the original translations. This book series is useful for theoretical and practical studies of human rights as well as diplomatic activities as it provides a solid theoretical basis, a clear legal basis, and clear policy comparison. 3. **This book series is not only a reference series but also useful for research.** Every volume includes a detailed introduction using Marxist basic views and methodology to make a comprehensive and scientific summary and analysis of the question of human rights in the field it covers, thus providing readers with a reliable reference guide for comprehensively mastering and using these materials to conduct further studies on the human rights issue. This book series provides China with a comprehensive theoretical weapon and background material for waging international human rights struggles. At the same time, it also shows to the world that China attaches great importance to the human rights issue and constitutes great achievements in China's study of the theory of human rights.

Meeting Urges Media To Promote Clean Government

OW2506172095 Beijing XINHUA Domestic Service
in Chinese 1410 GMT 15 Jun 95

[FBIS Translated Text] Nanjing, 15 Jun (XINHUA) — A national work meeting on party publications, which was attended by general office directors of provincial, autonomous regional, and municipal discipline inspection commissions, ended in Wuxi County, Jiangsu Province today. The meeting stressed the need to recognize the importance of the press, information, and party publications in the light of the overall situation of the anticorruption drive; to step up efforts to carry out work in these fields; and to strive to raise the overall quality

of work in discipline inspection, supervision, the press, information, and party publications in the new era so as to promote party building, to build clean government, and to fight corruption in a more effective way.

The meeting held: The press, information, and party publications are an important component of discipline inspection and supervision work; and they have achieved marked results and played a positive role in promoting party building and clean government and fighting corruption in the past two years. However, it is necessary to point out that the anticorruption drive is a protracted complex struggle, that needs the full support of the masses, scientific policy decisions, and timely guidance in work. Therefore, a higher demand is placed on the press, information, and party publications work. Only by publicizing through the press the situation, tasks, and results of the anticorruption drive to the broad masses of people in a more vivid and convincing way can we develop healthy tendencies, crack down on vices, strengthen confidence, and inspire the fighting spirit, thereby winning more support and participation from the masses in the anticorruption drive. Only by increasing information and reporting on progress in the anticorruption drive in a more timely, accurate, and comprehensive way can the leading bodies correctly analyze the situation and realistically study problems, thereby making work decisions that conform with the realities. Only by further improving the management of party publications and increasing their circulation can party organizations and discipline inspection and supervision organs at all levels and party members and cadres at large understand the central authorities' guidelines and the Central Discipline Inspection Commission's [CDIC] work arrangements in time to grasp the trends and to exchange experiences, thereby giving play to the role of party publications in guiding the anticorruption drive.

The meeting pointed out: Discipline inspection and supervision organs at all levels should proceed from the need to promote party building and clean government and to fight corruption in raising the overall quality of the press, information, and party publications in all fields. They should persist in taking as the guide the theory on building socialism with Chinese characteristics and the party's basic line, and subordinate themselves to and serve the general task of the whole party in closely combining the press, information, and party publications work with the general plans and periodic arrangements of the anticorruption drive. The press should adhere to the principle of positive publicity, provide correct guidance for public opinion, educate the masses with vivid and convincing reports and commentaries, and mobilize the masses through publicity to form a powerful social

force against corruption. Information should be realistic, truthfully and comprehensively reflecting good or bad news about progress in the anticorruption drive in a timely manner. Party publications should deal with more specific issues, provide more guidance, and increase circulation; they should cover each and every aspect of the party's work, and reach the grass roots on the frontline expeditiously.

At the meeting, the Jiangsu Provincial Discipline Inspection Commission and 17 other units gave reports on their experiences in the press, information, and party publications work. The CDIC General Office commended advanced and outstanding information units of discipline inspection and supervision organs nationwide, as well as advanced publishers of party publications; and selected 30 pieces of good news and 63 pieces of good information.

The meeting was officiated by Wang Guang, CDIC Standing Committee member and secretary general. Fan Xinde, CDIC member and deputy secretary general, delivered a report, entitled "Improve the Overall Quality of the Press and Information Work to Better Serve the Anticorruption Drive." Senior officials concerned from discipline inspection commissions of all provinces, autonomous regions, municipalities, some central and state departments and commissions, the Liberation Army, the Armed Police Force, and cities with economic autonomy attended the meeting.

Party Newspapers Face Fight for Survival

HK2506052395 Hong Kong SOUTH CHINA SUNDAY MORNING POST in English 25 Jun 95 p 6

[By Irene So]

[FBIS Transcribed Text] Newspapers run by the Communist Party will have to fight for survival in an increasingly competitive and commercial Chinese society, a local academic said.

Speaking at a media seminar in Hong Kong yesterday, Dr Chen Huailin of the Chinese University of Hong Kong said unless the party-run newspapers adopted drastic reforms, they could lose out. He also predicted that the mainland would soon witness a huge glut of popular magazines and newspapers, especially evening papers. Dr Chen, who has done extensive research into mainland media, said the rise in evening newspapers posed the greatest threat to the party-run organs.

The party's flagship newspaper, the People's Daily, has a daily circulation of 2.18 million copies — down from 6.8 million in 1979. By comparison, Xin Min Evening Daily the most popular evening newspaper in Shanghai claims a daily circulation of 1.7 million.

According to Dr Chen, many of these evening newspapers have become highly profitable through advertising. Last year, advertising revenue for Xin Min Evening Daily was more than 200 million yuan (HK\$186.4 million). Dr Chen believes many more newcomers will be attracted by the high advertising revenue in the next few years. There are now almost 140 evening newspapers. "The trend (of commercialisation) has threatened the traditional supremacy of party-run papers. Very few people subscribe to these papers nowadays," he said. "If they don't make any basic and radical reforms, they will no longer keep their dominant position or even survive in the market," he said. Unlike the party-run newspapers, Dr Chen said, evening newspapers were able to attract a much wider readership through their relatively lively editorial content.

Although the editors of these evening papers were also appointed by the Communist Party, they generally enjoyed greater freedom and were not required to follow the restrictions placed on party-run newspapers like the People's Daily. While Dr Chen acknowledged that the quality of the evening newspapers was inconsistent, he was optimistic they could pioneer a free press in China. "And, to gain more readership, they will surely publish more reports, of high quality, on social news and problems, instead of entertainment coverage at present. "There's no doubt that despite numerous obstacles, they will invade the restricted area of political news in the end."

Military & Public Security

Jiang Zemin Makes Appearance in Military Uniform

HK2606061895 Hong Kong EASTERN EXPRESS
in English 26 Jun 95 p 7

[By Bruce Gilley]

[FBIS Transcribed Text] The Communist Party general-secretary, Jiang Zemin, has appeared in military uniform for the first time since taking office six years ago in an apparent attempt to polish his image as commander of the country's armed forces. The move is understood to have caused outrage among some senior People's Liberation Army officers because Jiang has never been a soldier.

Sources said Jiang abandoned his normal business suit in favour of the dark green tunic of the PLA while addressing officers in eastern China last month. The epaulettes of Jiang's tunic were left unadorned since he holds no rank in the PLA. In three consecutive meetings with commanders of the Shanghai garrison and the Jiangsu and Zhejiang provincial commands, Jiang stressed the "vital importance" of carrying out

ideological and political education within the ranks. "Military men should bear in mind that they have to serve the people," Jiang reminded the officers, according to official reports.

The unusual sartorial choice reflected Jiang's new found courage to stare down critics within the PLA after close to six years as head of the party's Central Military Commission (CMC), according to one military source. "He will continue to do this every time he meets senior officers in the future," the source said. "He thinks that wearing an army uniform will build intimacy with the officers as well as put on full display his position within the PLA," the source added.

Jiang took over as the CMC chairman from the patriarch Deng Xiaoping in November 1989, becoming the first leader with no military experience to hold the post. Deng admitted to the politburo at the time that Jiang "has had a little less contact with the military than most of us", but he said the appointment was needed to ensure absolute party control over the army.

Jiang acknowledged then that because he had no prior military experience he was "not fully prepared" to take over the post and humbly pledged to "make every effort to learn about military affairs and familiarise myself with the armed forces". Since then, Jiang has visited PLA barracks on most tours of the country, but is thought to have marshalled only shaky support within the ranks.

He was accompanied on last month's 12-day tour of eastern China by Fu Quanyou, a CMC member seen as one of his few strong supporters. Fu was among the first batch of officers promoted to full general status by Jiang in 1993. In the last two years, Jiang has also put into force a so-called "double-track" strategy to ensure army loyalty. This has included handing out hefty budget increases and promotions on the one hand while clamping down on army businesses and increasing indoctrination on the other.

Official Says Anti-Corruption Drive Making Impact OW2506145095 Beijing XINHUA in English 1344 GMT 25 Jun 95

[FBIS Transcribed Text] Beijing, June 25 (XINHUA) — China's anti-corruption drive had netted 779 officials at or above the county or section level during the first five months of this year, a senior procurator said here today at a national conference of procurators.

Of these officials caught in the net of the justice, 39 were at the department or bureau level and two at the provincial or ministerial level, said Liang Guoqing, deputy Chief Procurator of the Supreme People's Procuratorate.

Liang also said that the country's procuratorial bodies handled a total of 12,678 major economic criminal cases such as embezzlement and bribery in the five months ending May.

The number of cases involving one million yuan (about 119,000 U.S. dollars) each reached 465, about 2.5-fold that of during the same period of last year, according to Liang, who noted that a number of "exceptionally big" cases involving more than 10 million yuan (about 1.19 million U.S. dollars) each were exposed in Shanghai and the provinces of Guangdong, Sichuan, Jiangsu, Hubei and Liaoning.

Liang said that achievements have also been made in the battle against crimes by legal persons and law enforcers.

Meanwhile, he said, another 24,915 embezzlement, bribery and other economic criminal cases were investigated in the first five months.

The anti-corruption drive helped save a total of 1.117 billion yuan (about 133 million U.S. dollars) in otherwise economic losses, according to Liang.

Dealing with economic crimes within party and government organizations and judicial, administrative and economic management bodies will remain as the priority of China's procuratorial bodies in their fight against corruption, Liang said.

First and foremost targets will include crimes involving the Party and government officials in the financial and real estate sectors, crimes involving officials with dissipated and decadent life styles, crimes involving officials who participate in schemes of setting up false joint ventures and gravely damage the interests of the State, and crimes involving officials who collaborate with legal persons to engage in smuggling and tax evasion on a grand scale.

Today's meeting was chaired by Zhang Siqing, chief of the Supreme People's Procuratorate.

Jinan Military Region Holds Ideology Meeting

SK2406033695 Jinan Shandong People's Radio Network in Mandarin 2300 GMT 23 Jun 95

[FBIS Translated Text] The forum on ideological and political building in the Jinan Military Region was held in Jinan from 19 to 21 June. At the forum, the guidelines of the forum on ideological and political building of the entire army were relayed and implemented.

Du Tiehuan, political commissar of the Jinan Military Region, made an important speech at the forum. He said: Putting ideological and political building at the top of army building is a strategic measure to maintain the high quality of the entire army and to enhance the

cohesive force and fighting capacity of the entire army. All the units of the Jinan Military Region should regard the safeguarding of the CPC Central Committee with Comrade Jiang Zemin as the core and the Central Military Commission as the highest political task [words indistinct]. Leaders of party committees at all levels must firmly and unswervingly submit themselves to the CPC Central Committee and the Central Military Commission to ensure the smooth implementation of political and military orders. These leaders must strictly and conscientiously abide by the regulations of the CPC Central Committee and the Central Military Region; strictly implement the instructions and demands set by the CPC Central Committee and the Central Military Commission; and get on with army building in line with high standards. They should also enhance the strength of guidance, profoundly and realistically conduct education among all units, and make the education more purposeful and effective.

Zhang Taiheng, commander of the Jinan Military Region, delivered a speech at the conclusion of the forum. He said: Ideological and political building is a magic weapon we use to build and administer the army. Not only political cadres but also military, logistics, and other cadres should pay attention to ideological and political building in order to form joint forces to grasp the building. All the units of the Jinan Military Region should be united together, quietly immerse themselves in hard work, and conscientiously implement all instructions in order to promote the all-round development of the army.

Attending the forum were leading comrades of the Jinan Military Region and its organs including Xing Shizhong, (Liu Luntian), Pei Huailiang, Zhang Wentai, (Han Naihua), Qian Guoliang, Yuan Shoufang, Hao Baoqing, He Shanfu, Zhao Jingtian, (Han Yonglu), Huang Xuelu, Shan Jilin, and (Tao Xuede).

Beijing Tightens Crackdown on Drug Smuggling

OW2506091895 Beijing XINHUA in English 0820 GMT 25 Jun 95

[FBIS Transcribed Text] Beijing, June 25 (XINHUA) — The General Administration of Customs (GAC) has urged its local branches to redouble their efforts in overallly cracking down on cross-border drug smuggling and trafficking.

Customs offices across China handled 57 drug-related cases, seizing 210 kg of heroin, 49.4 kg of opium and 7.9 tons of drug-making ingredients over the past one and half years.

Nearly three quarters of the smuggled drugs was ferreted out by customs officers in Kunming, capital of southwest China's Yunnan Province.

The Kunming customs uncovered the largest drug-smuggling case in the country in April last year, seizing 83 kg of heroin.

As drug-smuggling has become more concealed, GAC called for strict check-up at border customs, further investigation and closer co-operation between relevant departments.

***Article Discusses Attack Aircraft Survivability**

95CM0199A Beijing GUOJI HANGKONG
[INTERNATIONAL AVIATION] in Chinese 5 Feb 95
No 2, pp 23-24

[Article by Zhu Xiaobiao (2612 2556 1753): "Combat Survivability Design of Attack Aircraft"]

[FBIS Translated Text] Aircraft survivability refers to the capacity to maintain the effectiveness to complete assigned missions in an artificially hostile environment by evading/resisting or enduring enemy threats. It is a characteristic of aircraft weapons systems, made up of the three aircraft capabilities against hostile armed threats of evasion (active), resistance, and endurance (passive). Evasion is generally related to aircraft-detection features such as maneuverability, flight performance, and aircraft radar-scatter section, brightness, and electronics. Resistance to and endurance of hostile armed threats are related to features such as aircraft armor, structural materials, and overall aircraft disposition. The former is called aircraft sensitivity [susceptibility], with the latter commonly called vulnerability. As we use P_h (sensitivity) tolerance to gauge the probability of a hostile armed hit, and P_k (vulnerability) tolerance to gauge the probability of the singular destructive force produced by a single hit on an aircraft, then the probability P_k of an aircraft casualty in combat equals the product of P_h and P_{kh} . And as we use P_s to indicate the probability of aircraft survivability in an artificially hostile environment, with P_s being equivalent to $(1-P_h)$, then the relationship between aircraft survivability and aircraft susceptibility and vulnerability can be expressed as: P_s equals $1-P_h$ times P_{kh} .

The benefits of higher aircraft survivability can be evaluated in two areas: 1) The aircraft's attempt to perform and complete its combat mission; and 2) its response to the threat of force in an artificially hostile environment. We express mission success, that is, mission performance and objective achievement, as MOMS, with S indicating survival rate, which is equivalent to the ratio of the total number of aircraft

going into battle and the number of aircraft surviving and returning upon completion of the mission. We use G to indicate the total number of mission targets, with L indicating the total number of aircraft sent to perform the mission, meaning that L equals G/MOMS. Upon completion of attack on similar targets G, the greater the mission success ability MOMS, the smaller is L. The ratio between MOMS and S here is direct (the higher the completed combat mission rate, the higher the aircraft survival and return rate). It can be seen here that when performing a similar mission, the higher the aircraft survivability, the fewer the number of aircraft that need to be sent out to perform the mission. This means that the fewer aircraft sent out under similar destruction probability P_k conditions, the smaller are aircraft losses.

Mission Threat Analysis

As attack aircraft mainly perform low-level strikes on mobile targets, the threats they are subject to come mainly from ground antiaircraft weapons such as antiaircraft guns, ground-to-air missiles, and certain light arms. As most such weapons have a tactical disposition of armour-piercing and blasting cartridges, their destructive force on aircraft is mainly piercing, smashing, and igniting of combustibles. As the threats come mainly from the ground, with the aircraft modes of operation being mostly level bombing, dive shooting, and upward throws, the aircraft's shell-impact side (damagable side) is mainly its belly and undersurface.

Attack aircraft are also subject to attack by air defense fighters. While air defense fighters operate at medium and high altitudes, above low-level attack aircraft, the low-level operations of attack aircraft make it very hard for fighters to use heavy weapons for long-range strikes on attack aircraft. So fighter combat against attack aircraft can only be short-range, light-weapon dog-fights. And the threats to attack aircraft still seem to be the destructive force of ground threats.

Survivability Design Principles for Attack Aircraft

As was stated above, aircraft survivability is indicated by P_s equals $1-P_h$ times P_{kh} , thus, higher survivability means doing all possible to lower susceptibility P_h and vulnerability P_{kh} .

Designs to lower susceptibility.

As stated above, lower susceptibility means reducing the possibility of the aircraft's being detected, found, and hit. In addition to employing better low-level aircraft combat maneuverability to reduce discovery and hits, attack aircraft designs generally also employ detection-feature methods such as reduced radar scatter cross sec-

tion (RCS), weaker infrared radiants, and lower optics and noise to reduce aircraft susceptibility. Reduced RCS means paying attention to engine admission paths, mouths, seating cabins, antennas and antenna covers, outer hangings, and mounted devices and angle reflectors, to shield main scatter sources or keep reflections from enemy receivers. The basic means of reducing RCS are using radar stealth airframe contours and radar absorption-wave materials, and offsetting active with passive.

Weaker infrared radiants. With regard to attack aircraft, as their flight speed does not have to be too high, consideration does not have to be given to skin-surface pneumatic force heat. So, because the aircraft's thermal radiation comes mainly from engine propulsion heat, an effective way to reduce such thermal radiation is, first, to use fan engines. Fan-engine outer-containment infrared-control capacity is related to the containment-route rate, with a containment-route rate of 0.5-3 yielding a quite high infrared-control capacity.

Reduced optics and visuals are characterized generally by lower aircraft optics degree and background brightness differences of aircraft geometric dimensions. The method is to control engine jet-flow illumination, with the aircraft using hazy color coating, illumination-brightness control, and reduced wing surface and spread.

Designs to reduce vulnerability.

The common methods used for reduced vulnerability are superfluous designs and residuals separation, isolating key functional parts or subsystems from potentially dangerous zones, and reinforcing structures and key positions.

While residuals technology is commonly used in safety and reliability designs, the residuals technology used in survivability design differs from that used in safety and reliability considerations. Survivability residuals technology requires residual systems to be fully separate, definitely not allowing a certain threatening force to simultaneously threaten the multiple components of the residuals system to cause system failure. In the separation, it is necessary to use as many structural components as possible or more secondary parts to provide natural cover.

The general residuals design methods are to use dual engines, multiple fuel-conveyance systems, multiple flight-control systems and power-source systems (such as hydraulics and power supply), and multiple stressed structures.

Isolation is the key step used to prevent secondary destructive force. Certain key flight parts and systems must not be subject to implicated destruction due to

damage to other parts. For instance, the engine must not catch fire because the fuel tank is damaged.

Technology to provide natural cover can be summed up as a design technique. For instance, as to pilot protection, certain noncrucial mission functions in the cockpit are set up to cover the pilot as much as possible, such as placing environmental control systems on cockpit floors, which not only plays a safety and protective role, but also lightens armour weight.

Reduced structural vulnerability has to start with damage tolerance and damage security design. Damage security design guarantees reduced vulnerability design. Such design enables certain mission-functional-and-structural components to sustain a certain amount of damage without affecting mission completion. For certain mission-functional structures, it is necessary to use residuals technology. Structural residuals technology and systems are not completely identical as to redundancy, with systems redundancy referring to multiple power-transmission lines, with multiple stress on the same load, such as changing from single- to multiple-beam wings, and having several beams carry the aircraft-wing load. So while a certain beam may be damaged, leaving the wing still intact, aircraft destruction time can be extended, thus raising its survivability (reducing the grade of damage).

Another technology to reduce structural vulnerability is reinforcement. In the broad sense, aircraft survivability design means the use of reinforcement technology to raise the aircraft's capacity to withstand both terminal and nonterminal threats. Reinforcement as used here could be called aircraft structural enhancement. This generally means using the quite high-tech design-overload system N_y , improving security systems for key functional components, and installing armour on key aircraft positions. In attack aircraft design, when weighing higher survivability against weight and performance, it is necessary to be willing to pay the price. It is reported that the additional armour on the S-25 aircraft, through the use of dual key systems, composite operating pull rods, and fuel tank barrier bubble stuffing, adds 7.5 percent (about 1,100 kg) to aircraft weight.

A Comprehensive Analysis of Higher Survivability Design

With higher aircraft survivability is achieved through lower aircraft susceptibility and vulnerability, reduced susceptibility and vulnerability are acquired in turn through technologies such as detectability defense, electronic jamming, and reinforcement technology. The use of all these technologies means paying the price in the areas of weight, cost, and performance. So comprehen-

sive design for aircraft survivability is a task of weighing benefits against costs, which means making a comprehensive analysis of each aircraft's combat utilization rate, aircraft flight performance and operational stability, aircraft fire-control performance, arms-load efficiency and quantity, and aircraft tactics, confirming the basic functional components of aircraft combat missions, its casualty criterion (P_{ca} function), and the destructive patterns set off by the obstacles (casualties) to these functional parts.

Thoughts on Survivability Design for the New Generation of Attack Aircraft

Higher combat efficiency.

The new generation of attack aircraft should be suited to the 21st-century combat climate. The 21st-century battlefield is predicted to be all-dimensional and all-space. Of course, it will be hard for one aircraft to meet full-space performance criteria, or both high-and low-altitude good combat performance, but attaining these goals will require developments in two directions: 1) high-altitude supersonic cruising; 2) low-level, high-speed rapid defense. To suit the 21st-century combat environment, the new generation of attack aircraft should have: low-level, high-speed rapid defense capability; all-weather combat capability, to meet all-climate needs; as the combat space of that time will be a battlefield of powerful jamming and even biochemical pollution, aircraft will need a certain resistance capability; as all high altitudes will be battlefields of radiation detection, aircraft will need a certain anti-radiation stealth capability; in combat space, as attack aircraft will be subject to threats from powerful ground air-defense forces, aircraft will need reinforced, to give them the capacity to resist direct terminal threats; in addition, as aircraft grow ever-more high-tech, each aircraft will become very expensive, which will restrict the amount of aircraft equipment. These predicted 21st-century combat environment conditions mean that the new generation of attack aircraft will need very high combat efficiency. And the most crucial point in higher combat efficiency is higher aircraft combat survivability, so that aircraft can effectively complete missions and safely return to base.

Lower-detectability features.

The first way to raise combat survivability is to reduce aircraft detectability. The new generation of attack aircraft ought to be almost stealth aircraft. But it cannot be fully stealth-designed, as that would cost too much. It is reported overseas that as long as stealth aircraft use large amounts of composite wave-attraction materials, they can be lower in weight, while other methods such as surface coatings add to aircraft weight, so are hard to accept. In addition, if we use radar-wave

reflex-deviation flat-surface aircraft contours, making the aircraft nonstreamlined, that would have an impact on aircraft ascent-resistance features, thus lowering the aircraft's combat maneuverability (in certain aircraft thrust-weight ratio terms). As the large-scale use of wave-attraction materials leaves the aircraft with a very deficient capacity to resist electromagnetic pulses and microwaves, it lowers aircraft combat survivability on a battlefield of powerful electromagnetic pulses. Meanwhile, as the large-scale use of wave-attraction materials converts electromagnetic energy absorbed by the aircraft surface into heat energy, it lowers the aircraft's infrared stealth capability. And other factors, such as the large-scale use of composite materials making aircraft problems such as electromagnetic compatibility and frequency jamming more complex, all make aircraft design more complicated and difficult. In addition, as attack aircraft have to carry large amounts of outer-slung arms, with arms stealth being very complicated, the new generation of attack aircraft can only consider partial stealth technology to reduce RCS, such as using wing-body fusion to reduce countour-angle reflection, using small wingspreads, with small spread lines in contrast to large back-swept wings, and using dual-development, "S" admission paths, and binary-lip designs, and fan engines.

Reduced vulnerability.

The third way to raise combat survivability is to improve the ability to neutralize and withstand threats, mainly as follows:

Improving aircraft deterrence. The new generation of attack aircraft will need a larger arms-load capacity.

Improving low-level, high-speed, rapid-defense capability and in-flight maneuverability. Practice has proved that when operating at an altitude of 1,000 m, ground radar has a 100-percent find rate, but this rate is only 30 percent at 100 m. But as too low altitudes give aircraft higher collision rates, the new generation of attack aircraft will need the ability to fly at a higher-survivability flight altitudes at flight speeds over 1,200 km per hour.

Superior fire-control arms systems. The new generation of attack aircraft will need fire-control systems with multi-target display, tracking, and strike capabilities, the ability to see downward, higher target-strike precision, and the ability to carry multiple offensive systems, such as laser bombs and electronic resistance suspended modules.

To lower aircraft battlefield vulnerability, we need to use high-survivability overall design, such as redundant technology and covered and separated crucial components.

Installed light armour. Crucial positions, such as pilot cockpits, need to be able to withstand ground attack by 23-mm cannon shells.

We need to use damage-tolerance design technology, to extend the time of destruction after being hit.

General

State Council To Adjust Policy on SEZs

HK2506050795 Beijing ZHONGGUO XINWEN SHE
in English 0516 GMT 24 Jun 94

[FBIS Transcribed Text] Beijing, June 24 (CNS) — China will gradually weaken regional openness. Open cities and new bonded areas will no longer be established and enjoy preferential policy. This move is aimed at meeting the principle of fair competition, according to Special Economic Zones (SEZ) Office under the State Council.

Some policies adopted in the SEZs and bonded areas are now under gradual regulation and improvement for better administration. Some preferential policies previously implemented by the state in the SEZs will no longer be extended on expiry, but those still valid will continue to be implemented including income tax levied on enterprises run in the SEZs, which may be subject to readjustment several years later.

The state is now studying the issue of whether regional openness should be gradually extended to inland areas across the country. Some policies have been proposed to exploit western China in a bid to boost the economy there.

There are to date, 32 state-level economic development zones together with high-tech zones in addition to 500 provincial development zones nationwide. Too many development zones will surely occupy a vast area of land and request large inputs of capital. The state has to adopt effective measures to keep development zones under control, and is now preparing administrative regulations on SEZs in order to enable SEZs to develop in a standard manner.

Experts are convinced that the role being played by the current SEZs should fade out in a bid to narrow differences in investment environments between the SEZs and other regions. In the early stages of reform and implementation of the open door policy, special measures were a must because of China's weak industrial foundation, so some places were allowed to be developed first. As openness to the outside world proceeded full-scale and the SEZs grew stronger, dependence on preferential policies to bring in foreign capital for economic development has weakened while other areas began to attract foreign investment by offering favourable and flexible conditions. The advantages enjoyed by the SEZs were therefore reduced.

Moreover, the SEZs preferential policies are said to be the main obstacle to China's entry into the World Trade Organization (WTO). First, some special policies adopted in the SEZs are different from those imple-

mented elsewhere across China, and this goes against the WTO article of "national treatment". The WTO does not want its member states to have such special zones. Second, the United States has always cited China's relatively well-off individual SEZs as evidence against China as a developing country.

Continuous implementation of preferential policies in the SEZs, according to experts, is not necessarily favourable because the present SEZs are now taking a better shape and developing on full scale. Adjustment of policy special to the SEZs will be advantageous to China's economic exchange and trade with the international community, and will help reverse the imbalance between different areas across the country. Such a move will alleviate contradictions between the SEZs and non-SEZ areas, many of non-SEZ areas boast abundant raw material, energy, ports and communications facilities, all prove attractive to foreign investors.

Government departments including the State Planning Commission are now formulating policies to guide investment made by foreign businessmen in China. China will adopt effective measures to strengthen and improve its investment environment in the central western parts, in a bid to encourage more foreign investors into these regions. Foreign businessmen are further encouraged to invest in basic facilities, basic industries and capital and technology intensive items of high added value. All these measures and policies are aimed at bettering the pattern of using foreign capital.

Li Youwei on Urban Construction, Management

HK2506070995 Beijing RENMIN RIBAO in Chinese
20 Apr 95 p 9

[By Li Youwei (0632 2589 3634): "Urban Construction and Management Under the Conditions of a Socialist Market Economy"]

[FBIS Translated Text] A city is an economic, cultural, and political center of a region or a country. Urbanization is an inevitable trend stemming from the development of human civilization. In the course of deepening China's reform and opening up and shifting its economic structure to a socialist market economy, the scale and speed of China's urbanization has reached an unprecedented level. The number of designated cities has risen at an annual rate of nearly 30, bringing the number of such cities to 610. Under the conditions of a market economy, urban development plays a leading role in spurring the growth of the national economy as a whole. Meanwhile, a new subject has arisen on how to further improve urban functions, reform the urban managerial mechanism, and meet the needs of the growth of a market economy in order to make urban construction

and management scientific, modernize it, and gear it to international practices.

Approved by the central authorities 15 years ago, Shenzhen became China's first special economic zone [SEZ]. Since then it has grown from three square km to 210 square km and has increased its population to 3.35 million, 105 times the figure in the early period after it became a SEZ. It has become one of the most advanced cities in China in terms of economic strength. Based on Shenzhen's practice, in this article I would like to air my views on how to make a success of urban construction and management under the conditions of a socialist market economy so as to solicit opinions from scholars all over the country.

The Challenge Facing China's Urban Construction and Management

As a developing country, China still has a low level of urbanization. But it can be predicted that rapid urbanization will bring ever-increasing pressures and a challenge to urban construction and management. Moreover, the pressures and challenge have characteristics different from those in developed countries and also differ from circumstances under the development model of the planned economy practiced before China initiated the policy of reform and opening up. In line with actual conditions in Shenzhen, common and evident problems are as follows:

— **The shift from a planned economy to a market economy has brought pressures to urban construction and development.** After the economy has grown rapidly under the guidance of the market, the "effect of being unable to forecast accurately" has frequently affected urban planning, has weakened the authority and feasibility of urban planning and has added many difficulties to urban planning. Consequently, many uncertain and unpredictable factors have arisen in urban functions, scale, nature and standards, making it difficult to determine plans and to control and implement that part of the plans that has been determined.

— **The shift in the urban nature and functions has added great pressures to management.** A city is where manufacturing industry and the service sector are concentrated. With the development of social productive forces, more and more people will switch from agriculture to the manufacturing industry and the service sector, and this is a new and higher requirement imposed by increased urbanization on urban construction and management.

— **The laggard of urban environmental and infrastructure construction, particularly insufficiency resulting from funding shortages in roads, water, and**

electrical facilities which form the basic framework of a city, has become the biggest hidden danger. A city's ability to combat and prevent disaster is very low. In recent years, many cities have encountered the problem of such disasters as flooding, fires, earthquakes, storms, and traffic jams. A disastrous fire and flooding that hit Shenzhen in 1993 showed that the city's water-control, flood-prevention, fire-control, transportation and other infrastructure were inadequate. Some enterprises care about nothing but making money, leaving environmental construction and protection to society, with the result that the environment has further deteriorated in the course of economic development.

— **New pressures have arisen in urban community construction, and social development and management.** In particular, with rapid economic growth and a sharp increase in the floating population, plus driven by interests in economic development, there exists a contradiction between the government's macroeconomic controls and economic goals of enterprises. Furthermore, the unplanned and speculative nature of some development projects were not eliminated or readjusted promptly, resulting in imbalances in economic and social development. The most evident problem in social management is the problem of security. Two-thirds of Shenzhen's residents are of the floating population and quite a few of the floating people have no legal certificates and no permanent jobs or permanent residences. They thus constitute the key portion of criminal offenders.

— **It is an urgent task to promote urban construction and development of management soft science, and step up the reform of the managerial mechanism.** Under the conditions of a socialist market economy, the targets, scope, and laws of comprehensive urban management, including property rights, functions, and many theoretical concepts, as well as the issue of actual operation, need to be determined again. With regard to the managerial system and mechanism, the management of enterprises by the government still has, to varying degrees, stains of intervention from the planned economic structure.

— **The establishment of a legal system in such areas as planning, construction, and management cannot keep pace with economic growth and there are no laws to go by in many things or even if there are laws, some people do not abide by them.** Over the past few years, laws concerning urban management, including the Law for Urban Management Planning, the Land Law and the Real Estate Law, have been promulgated. But some urgently needed supporting laws and local regulations have yet to be formulated, leaving

dead corners in the establishment and management of a relevant legal system.

The Urgency of Strengthening Urban Construction and Management

To meet the challenge on urban management posed by rapid urbanization under the conditions of a socialist market economy is an arduous task confronting us, and provides an important opportunity for us to achieve sustained development of China's urban construction. With economic growth and practice of urbanization in China and other developing countries, there will be great changes in the geographical distribution of the population and in the environment and ecological state in urban areas. Furthermore, serious environmental problems, such as overpopulation, industrial pollution, and ecological imbalance, are likely to crop up. The world economy will become further globalized in the 21st century. With the advent of an information and high-tech society, the targets, contents, scope and tasks of urban construction and management will become increasingly arduous and great. For this reason, various countries all attach the utmost importance to the issue of the global environment and sustained development and are exploring the laws governing the improvement of management of modern cities.

We are of the view that the globalized trend of development of urban management finds expression in the following five areas: 1) the combination of "dealing with concrete matters related to work" and "discussing principles or guidelines" pertaining to city government's functions; 2) the growth of the scale of city government agencies to that of a "medium-sized government" (their economic budgets account for 30-40 percent of the total financial budget); 3) the move of the urban managerial system toward the direction of placing emphasis on local departments and combining leadership by central departments with that of local departments; 4) the move of urban management and planning develops toward comprehensiveness; 5) extensive application of modern science and technology in urban management. After 15 years of practice in Shenzhen, we have come to understand the importance of tackling the problems facing urban management and have made clear the following strategic objectives for improving management:

First, it is imperative to make sure that under the conditions of a socialist market economy, cities can achieve sustained, rapid and healthy economic and social development. Shenzhen has undergone 15 years of rapid economic growth, with its gross domestic product rising at an average annual rate of 35.9 percent,

its imports and exports at an average annual rate of 60 percent, and budgetary revenues at an average annual rate of 52.4 percent. Its economic growth has embarked on the express lane. It is now in a crucial moment of shifting its economic structure to rise to new heights. It must carry out an in-depth reform of its urban managerial system and effect large-scale coordination.

Second, it is imperative to intensify urban management through legalization. It is necessary to summarize and absorb successful experience, Chinese and foreign, in making urban management scientific and legalizing it, to tackle major problems one by one in urban planning, construction, environment, social affairs and economic activity, and standardize and legalize operations under a market economic mechanism.

Third, it is imperative to uphold the government's authority in urban management in order to ensure the achievement of objectives for comprehensive urban management, macro-control over and coordinated development of economic activity, social affairs and the environment. This constitutes an important advantage and a favorable condition for urban management under the condition of socialism.

Finally, it is imperative to carry out urban construction and practice urban management in line with internationally accepted practices and rules and build international cities. This task is even more urgent for Shenzhen, a city that borders on Hong Kong and is near the international market. We have found a number of approaches to solving the above problems following more than 10 years of urban construction and management, and by combining our practice with international practices and rules. The approaches will help Shenzhen quicken the pace of building itself into an international city in the future.

Shenzhen's Countermeasures To Improve Urban Management and Management

In accordance with practice in 10-plus years of urban construction and management in Shenzhen, and by drawing on managerial experience of reference value in Hong Kong, Singapore, and other overseas cities, to solve the problems in urban construction and management, it is imperative to start from the establishment of a modern urban managerial system and to further intensify and improve the system. In fact, the process itself is also the process of solving problems in urban construction and management. Out of consideration for strategic countermeasures, the following aspects are exceptionally important:

First, it is imperative to start from the height of building modern international cities, to improve ur-

ban construction and management, to increase investment in urban infrastructure construction and public utilities and to make them complete. That is why it is necessary to reform the investment management system. While accelerating the introduction of a modern enterprise system, it is necessary to overcome the decentralization and lack of coordination of government management, to concentrate resources that the government should concentrate, to undertake construction that the government should undertake and to pursue a policy of tilting in taxation and banking, with the aim of making more funds available for upgrading existing infrastructure. In the meantime, it is necessary to encourage enterprises and foreign investors to spend their funds on infrastructure construction and the construction of public utilities.

Second, it is imperative to intensify planning on the basis of scientifically predicting urban development. Under the prerequisite of taking into consideration immediate and long-term interests and local and overall interests, this includes drawing up good economic development plans, urban construction plans, designating and completing in advance urban functional areas, and setting up a relevant infrastructure framework. So far as Shenzhen is concerned, on the basis of fully analyzing the trend of economic and social development, urban functions, layout and scale overseas (particularly Southeast Asia and Hong Kong), it is necessary to work out a plan in advance to orient the city towards the rest of China and the world. Domestically, as a regional financial and trading center, Shenzhen mainly serves and supports South China. Therefore, in urban planning it is necessary to make rational functional arrangements in space to make Shenzhen's service and support feasible. Internationally, to build an international city, it is inevitable to combine a country's own urban planning with the performance of urban functions of the international community. Now there are only 800 days left before Hong Kong is returned to the embrace of the motherland in 1997. The linkage of Shenzhen with Hong Kong will enter into the stage of operation, whereas there is still a big gap between our urban planning and functions and the level of operation in Hong Kong. This will inevitably cause problems to crop up in coordinating the linkage of transportation, telecommunications and the construction of major infrastructure in Shenzhen and Hong Kong. We should take this as the most urgent task to do with all our efforts.

Third, making a success of major infrastructure projects and those projects guiding industrial development has always been the main theme of the government's economic construction. Over the next few years, the Shenzhen City Government must list as its

priorities a series of planned projects, including waterworks, power plants, information facilities, telecommunications facilities, flood-control facilities, a subway, a light railway, a sea bridge in western Shenzhen, a seaport in eastern Shenzhen, an airport in western Shenzhen, an international exhibition center, large wholesale markets, and a financial market. When completed, the projects will greatly improve Shenzhen's overall urban functions. It is imperative to exercise strict controls over the approval of the construction of buildings of apartments for sale and similar projects and speed up the construction of the building of relatively comfortable apartments so that the limited funds will flow to infrastructure projects conducive to demonstrating overall urban functions.

Fourth, it is necessary to step up the introduction of an urban managerial legal system and the improvement of a law-enforcement contingent. Through legislation and law enforcement, and by carrying out regular environmental rectification, Shenzhen should thoroughly change the dirty, chaotic, and untidy state of its urban areas so as to greatly improve its urban appearance and environment, enable its urban infrastructure and public utilities to basically adapt to its economic and social development, and to become a modern international city with a whole range of infrastructure and service facilities, a beautiful ecological environment, and a high level of civilization. Meanwhile, it is imperative to strengthen ideological and moral education, improve social and cultural management, promote ideological and cultural progress, and drastically reduce the number of criminal cases. It is also necessary to take the improvement of all facets of social security as a long-term strategic task for urban management, score great successes in this regard, and create a fine social environment.

Fifth, it is imperative to introduce a competent, authoritative and highly-efficient government managerial system. The principal part of urban management by legal means is the government. Under the system of a socialist market economic structure, the government administering a city must become a competent, authoritative, highly efficient managerial system and organization. In accordance with the requirements of an operational model of a mature market economy, achieving this objective requires mainly making success of legislation and including government management in the legal orbit. While improving and drawing up new plans, it is imperative to formulate a whole set of laws and regulations in order to build and manage cities and create a new model for urban construction and management under the conditions of a socialist market economy.

Labor Ministry Data on Employment, Others

HK2506073595 Beijing RENMIN RIBAO in Chinese
11 May 95 p 2

[Report by Lao Xin (0525 2450): "Ministry of Labor and the State Statistics Bureau Issue Annual Communiqué on the Great Progress Attained by China's Labor Undertaking"]

[FBIS Translated Text] 8 May 1995, Beijing (RENMIN RIBAO)—The Ministry of Labor and the State Statistics Bureau recently issued the "1994 Annual Communiqué on the Development of China's Labor Undertaking." According to the communiqué, China attained considerable accomplishments in its labor undertaking in 1994: Breakthroughs were made in the establishment of a labor legal system, the unemployment rate was brought under control, workers and office staff enjoyed greater income, the installation of a social insurance system was carried out at an accelerated pace, and growth was registered in social labor productivity. However, a number of problems also existed, including the rise in the number of labor disputes as well as the grim situation of occupational safety.

The communiqué analyzed the work of China's labor undertaking from the following 10 aspects.

Breakthroughs were made in the establishment of a labor legal system.

The Eighth Session of the Standing Committee of the Eighth National People's Congress adopted the "Labor Law of the People's Republic of China" on 5 July 1994, thus providing a legal guarantee for the protection of the legitimate rights and interests of laborers as well as for the readjustment of labor relations. Meanwhile, the country also made vigorous efforts to set up labor supervision organs, and paid close attention to the formulation of corresponding laws, statutes, and regulations. The "Law of Occupational Safety" and the "Law of Social Insurance" drafted by the Ministry of Labor marked the beginning of a new phase for the building of a labor legal system.

During the year 1994, 16 out of China's 26 major mineral-producing provinces drew up "Methods for Implementing the the Law of Labor Safety in Mines" in the light of their own local conditions. Meanwhile, in accordance with the "Law of Labor Safety in Mines," relevant departments in charge of the mining industry under the State Council also made efforts to readjust, amend, replenish, and improve the safety rules, standards, and technical criteria of the industry. A system of laws and statutes concerning labor safety in mines is now taking initial shape.

The situation of labor employment was sound and stable, and the unemployment rate was brought under control. In 1994, China's labor resources totaled 825 million. The total number of persons under employment stood at 614.69 million, an increase of 12.49 million over the end of the previous year; of the total, 289.98 million were wage earners, 13.03 million more than the previous year. Among the wage earners, 148.49 million are workers and office staff in urban areas; 120 million are wage earners in township and town enterprises; and 21.49 million are wage earners in privately run enterprises and institutions of both urban and rural areas. Among workers and office staff in urban areas, 108.9 million work in state-run units, while 32.11 million are in urban collective units, a decrease of 300,000 and 1.82 million respectively over the end of the previous year; however, a fairly big increase was registered in the number of workers and staff employed by units of various other economic types, thus pushing the total number to 7.48 million, 2.12 million more than the figure at the end of the previous year.

The total number of people awaiting employment in urban areas in 1994 was 12.134 million. Jobs were provided to 7.15 million people during the year, while 4.764 million still remained unemployed at the year-end. The unemployment rate in urban areas stood at 2.8 percent, up by 0.2 of a percentage point over the previous year.

A big increase was registered in the wage level of workers and office staff. In 1994, the country's total payroll of workers and staff in urban areas amounted to 665.64 billion yuan, a rise of 174.02 billion yuan over the previous year with a growth of 35.4 percent. Of the total, the payroll of workers and staff in state-run units amounted to 517.75 billion yuan; that of workers and staff in urban collective units, 102.33 billion yuan; while that of workers and staff in units of various other economic types, 45.56 billion yuan, registering an increase of 35.8, 20.4, and 79.7 percent respectively over the same period in the previous year.

The average wage of workers and office staff in 1994 was 4,538 yuan, up by 1,167 yuan, growth of 34.6 percent; after allowing for rises in the living expenses of urban dwellers, the actual average growth of their income stood at 7.7 percent. The average wage of workers and staff in state-run units was 4,797 yuan, representing an actual rise of 8.6 percent.

The installment of a social insurance system was carried out at an accelerated pace. As of the end of 1994, the country's total number of retirees and those quitting office had reached 28.992 million, 1.191 million more than the figure at the end of the previous year. The

ratio of the total number of retirees and those quitting office to the total number of workers and staff stood at 1:5.1.

During the year, the country's basic old-age insurance funds amounted to 70.7 billion yuan, expenditure totalled 66.1 billion yuan, and the accumulated balance stood at 30.5 billion yuan (including that of nine central-level departments under the systematic overall arrangements.) The unemployment insurance premiums collected by the country totalled 1.86 billion yuan during the year, of which 1.15 billion was used in providing unemployment relief and creating new jobs for the unemployed.

Overall arrangements for the management of old-age insurance of workers and staff of urban enterprises were further improved. By the end of 1994, a total of 650,000 enterprises, 84.94 million workers and staff, and 40,000 retirees had participated in the basic old-age insurance scheme. Moreover, a system was introduced for the payment of individual premiums by workers and staff of urban enterprises, thus completing the shift from the old practice whereby social insurance was entirely borne by enterprises to the new practice where the burden is shared by the many sides involved.

Further efforts were taken to promote the practice whereby individuals bear part of their own medical expenses while unified social arrangements will be introduced concerning the medical expenses of serious cases. By the end of 1994, 23 provinces, autonomous regions, and municipalities across the country had adopted the practice of introducing unified social arrangements concerning the medical expenses of serious cases.

The pace of imposing unified management over childbirth insurance was quickened. As of the end of 1994, a total of 300 cities and counties throughout the country, 79 more than the previous year's figure, had imposed a unified management over childbirth insurance funds.

Conscientious steps were taken to correctly handle labor disputes. During the year 1994, the number of labor dispute rose drastically. Arbitration committees for labor disputes at all levels accepted and handled a total of 19,098 cases of labor disputes, an increase of 6,740 cases from the previous year's figure of 12,358, with a growth of 54.5 percent. The case-settlement rate of labor disputes at the end of 1994 stood at 94 percent. Moreover, a majority of localities had paid close attention to establishing their own arbitration committees for labor disputes.

Fairly great headway was attained in improving the occupational skills of workers and staff. By the end of 1994, the country had a total of 4,430 technical schools,

40 less than the figure in the previous year. However, the number of students studying in these technical schools reached 1.87 million, while the number of graduate was 557,000, registering increases of 150,000 and 60,000 respectively. Besides providing formal training to their students, these technical school also organized on-the-job training courses for 570,000 workers and staff, and trained for the Army a total of 12,000 people in both military and civilian skills. During the year, a total of 12,000 people participated in and completed pre-service training programs, while 141,000 employees from township and town enterprises completed training and studies.

The reform of the labor system continued to be deepened. Considerable breakthroughs were made in the regional coordinative reform of the labor system. As of the end of 1994, a total of 57 prefectures (cities) and 176 counties (cities) across the country (excluding cities and counties under the jurisdiction of prefectures and counties) had engaged themselves in the regional coordinative reform of the labor system.

The promulgation of the "Labor Law" brought about a rapid development to the country's reform of its labor, wage, and social insurance systems. In 1994, nearly 30,000 state-run enterprises with a total staff of 13 million had embarked on the comprehensive coordinative reform of these three systems.

A great number of labor scientific and technological results were achieved. During 1994, the Ministry of Labor launched 249 labor scientific and technological research projects of various kinds; checked and accepted 19 key scientific and technological accomplishments; examined and promulgated 73 standards for labor safety and labor hygiene; and submitted 17 new labor safety standards to the State Technical Supervision Bureau for examination and approval.

The situation of safety in the workplace remained grim. In 1994, there were a total 22,325 industrial accidents across the country which inflicted injuries and death upon workers and staff of enterprises, a figure down by 3.1 percent over the previous year; while the number of people who died in such accidents stood at 20,263, an increase of 2.3 percent over the previous year. Of the total number of accidents, 13,178 were industrial accidents in non-mining enterprises, with a death toll of 8,779 people, down by 5.3 and 1.5 percent respectively over the previous year; while 9,147 were accidents in mining enterprises, which caused 11,484 deaths, registering an increase of 0.4 and 5.5 percent over the previous year respectively.

During the year, there were a total of 253,537 traffic accidents throughout the country, which killed 66,362

people, injured 148,817, and caused direct economic losses of about 1.33 billion yuan, a rise of 4.6, 4.5, 4.6, and 33.3 percent respectively over the previous year.

Social labor productivity was enhanced. The country's gross domestic product in 1994 totalled 4,380 billion yuan, up by 11.8 over the previous year, while a 9.5-percent increase was registered over the previous year in the labor productivity of society calculated in terms of GDP.

China To Revamp Foreign Economic Aid Program
HK2506075795 Beijing CHINA DAILY (BUSINESS WEEKLY) in English 25 Jun-1 Jul 95 p 1

[By Wang Cheng'an and Sun Hong: "China to Retool Foreign Aid Pattern"]

[FBIS Transcribed Text] China is retooling its foreign economic aid programme in line with international practices in a search for better results for recipient nations, according to a senior government official.

Among the largest changes will be expansion of China's governmental discount loans, said Yang Wensheng, Assistant Minister of Foreign Trade and Economic Cooperation (Moftec).

China will for the most part no longer provide interest-free loans, he added.

"However, we will supply a certain amount of grants within our financial capacity to those developing countries beset with economic quandaries," he said.

Yang said China can also combine its grants with capital from United Nations development institutions to facilitate technical co-operation between developing countries.

In this regard, China will focus efforts on small and medium-sized manufacturing projects which will benefit local economies.

At the same time, China will increase technology and talent assistance, Yang added.

"We'll also arrange much-needed social welfare projects such as hospitals and low-cost residential apartments at the request of the recipient nations."

During the first five months of this year, China signed grant agreements with 33 countries. And Yang disclosed that China plans to discuss discount loan agreements with more than 10 countries in the second half of this year.

Discount loans have been on the government's agenda since last August. Negotiations are underway with a number of developing countries, he said.

In another development, China is exploring ways of setting up joint venture or co-operative projects with developing countries which have been undertaking major economic reforms.

Yang said these projects are likely to be supported by Chinese discount loans.

Economic liberalization and privatization have swept across many developing countries in recent years.

"These countries are in urgent need of foreign direct investment in addition to economic aid," Yang noted.

He said China's new aid system has won applause from receiving nations because it broadens the scope and means of cooperation.

China did not convert its aid projects into joint ventures with local partners until 1992.

So far, the country has negotiated with over 30 assisted countries on more than 40 conversion projects, six of which have been nailed down and come on stream.

Yang admitted there will be difficulties in implementing the new aid system since some recipient nations are accustomed to the old practice.

But he stressed that the reform is aimed to multiply financial channels which can better assist other developing countries.

"China is a developing country and we should proceed from our own financial capacity when it comes to extending foreign economic aid. But one thing is for sure: We are sincere in our help and we respect the sovereignty of assisted nations," Yang said.

By the end of last year, China had provided economic assistance for 1,426 projects in a number of developing countries, covering such sectors as industry, agriculture, water conservancy, transportation, energy, telecommunications, education and public utilities.

Electronic, Information Industries' Prospects Rise
OW2306141395 Beijing RENMIN RIBAO OVERSEAS EDITION in Chinese 10 May 95 p 2

["Economic Roundup" column by staff reporter Yan Bing (0917 0393): "Information Industry Is in the Ascendant"]

[FBIS Translated Text] This reporter has learned from a recent "national meeting on the work of computers and software" that the output value of China's computer industry has made up 18 percent of the total output value of the country's electronic industry, and also accounted for 1.2 percent of the total output value of the world's computer information industry. Qu Weizhi, vice

minister of the Ministry of Electronic Industry, noted that China's computer information industry has earned itself a place in the world's industry.

The Status Quo

The statistics provided by the Ministry of Electronic Industry have showed clearly that China's computer information industry is beginning to possess the ability to compete in the international market. The export volume of this industry has grown at an average rate of 77 percent during the Eighth Five-Year Plan period. The export volume soared to \$2.8 billion last year, and is expected to reach \$3.6 billion this year. Moreover, changes have also taken place in the production pattern of exported products, which is shifting from the processing of materials provided by foreign clients to the processing and production with imported materials; the proportion of home-made compatible component parts is on a gradual increase; and the added value of exported production has been enhanced considerably. All these things have benefited from the narrowing gap between China and advanced countries in terms of technological development ability. China was only three months behind other countries in manufacturing products of the "Benteng [1149 7506]" Brand. The International Standard Over-Eight-Digit Chinese Character Codes are formed on the basis of research results provided by China. In the fields of the advanced technological tracking system and the development of new products, such as multimedia, CD-ROM, and artificial intelligence, China has also attained great headway, succeeding in the production of high-speed computer products, including the Yinhe, Shenzhou, and Shuguang series. Meanwhile, the production of whole sets of computers has also developed from simply assembly to intensive processing, or to self-designing and production. Key enterprises have enhanced their capability of integrated manufacturing, thus enjoying the ability to undertake the development and construction of major projects.

The technological progress of China's computer information industry has made it possible for the manufacturing industry to participate in the international division of labor, given an initial shape to the software industry, and created conditions for the rise of the information service industry. The output value of the computer information industry reached 39.5 billion yuan last year, and is estimated to top 50 billion yuan this year. Over the past five years, the average growth rate of the industry has stood at as high as 58 percent, which is much higher than the growth rates of the national economy, the electronic industry, and the world's computer information industry during the same period.

Opportunities

Two things contribute to the motive force of industrial development: One is the driving force produced by technological progress, while the other is the pulling force exerted by market demands. Now that China's computer information industry has built up a technological foundation for further development, let us take a look at both the domestic and international markets it faces.

According to a briefing given by officials from the Ministry of Electronic Industry, the domestic market scale of the computer information industry already totalled 40.07 billion yuan in 1994, and is expected to exceed 50 and 150 billion yuan respectively in 1995 and by the end of this century. Such a vast domestic market is bound to provide favorable opportunities for the future development of China's computer information industry.

Foreign experts have predicted that by the end of this century, the scale of the world's market for computer information products will reach \$900 billion. This will provide a favorable opportunity for China's computer information industry to enter the international market. Moreover, the world's computer information industry is currently undergoing a new round of structural readjustment and as a result, many technologies and products will be transferred to developing countries, preferably to Asia and to China in particular. This means another favorable opportunity for the development of China's computer information industry.

Countermeasures

In the face of opportunities, China's computer information industry, like many other trades and industries in the country, is currently plagued by the problem of funds shortage. It can be said that international cooperation and introduction of foreign capital have become two important factors concerning the rapid growth of China's computer information industry.

"We welcome foreign enterprises to take part in China's information construction, and we will try every possible means to introduce advanced technologies and equipment from foreign countries." At the same time, however, an official in charge of the Ministry of Electronic Industry also stressed the need to redress a number of problems, such as the unduly low valuation of state assets, the overlapping introduction of projects of the same categories, and the failure to gain technologies after granting market shares; as well as the need to formulate necessary guiding policies so that the work of cooperating with foreign partners and utilizing foreign capital can be carried out in a orderly way at a higher level and in more fields.

It has been learned that China's computer information industry has set the following basic principle for its future development: The manufacturing industry will select key products to form a scale economy, and build up a number of production and export bases; the software industry will center its attention around applied software, accelerate the construction of industrial parks, and establish enterprise groups; the information service industry will make vigorous efforts to develop an integrated system and provide network increment services supported by databases. In short, China's computer information industry will maintain a high growth rate of about 28 percent in the coming several years, and an output scale of 170 billion yuan is expected to be formed by the end of this century. By that time, China's computer information industry will enjoy a certain status in the world's computer information industry.

Further Tight Measures Necessary for Price Control

HK2306152895 Beijing ZHONGGUO XINWEN SHE in English 1229 GMT 23 Jun 95

[FBIS Transcribed Text] Beijing, June 23 (CNS) — Potential price rises are still strong across China even though inflation since the beginning of this year has gone downwards month by month. The scale of downturn was, however, very small and the trend itself a weak one. Economic experts are convinced that more tight measures are necessary for keeping the year-round price growth at 15 per cent.

First, investment should be put under control at a proper scale in order to prevent negative price effects resulting from too rapid a gain of investment. Fixed asset investment made by state-owned entities during the first quarter of this year rose by 37 per cent over the same period last year, far exceeding the macroeconomic regulation target. Impacts from such investment on prices will be felt in the second half of this year and the first half of next year, leaving little reason for optimism about the current downward trend of price rise. Investment scale should continue to be kept under control.

Whether the demand for investment grows evenly will be an important factor for economic stability for this year. It is estimated that a 20 per cent gain in national fixed asset investment is suitable for China this year, which could guarantee an economic growth of 8.6 per cent with a mere 2.5 percentage points impact on retail price rise.

Second, taxation practice should be fully employed to control too fast a growth in people's incomes, with the aim of preventing the spiral of rising wages and prices.

Economic sources were generally convinced that the principle of "a wage gain below that of productivity of enterprises" should be made legal and institutionalized, in order to avoid a spiral rise in wage and prices. Taxation means should be fully used to regulate income earned by individuals.

Third, governments of various levels should no longer introduce new price rise measures this year in order to alleviate pressure on price growth.

As peak inflation has passed in some coastal provinces and cities in southeastern China, price growth has been reduced to not more than 15 per cent in recent years. Some areas, however, is brewing up new items for price rise, a phenomenon which should not be ignored in order to make macroeconomic regulation set for this year a less difficult task.

Price rise measures covering broad areas including railway transport should also be suspended. Overall, the time is not right for new measures on price rise this year.

BEIJING REVIEW Details Shipbuilding Sector

OW2306164895 Beijing BEIJING REVIEW in English No 26, 26 Jun-2 Jul 95 pp 15-17

[By staff reporter Han Guojian: "Shipbuilding: Orders Rank Third in the World"]

[FBIS Transcribed Text] On March 20, 1993, the Guangzhou Shipyard launched a new freighter with a transport capacity of 26,300 tons of bulk timber. Completion of the new freighter, the first of 17 ordered by a Hong Kong company, indicates that China is now engaged in the batch export of ships.

In 1994 alone, the China State Shipbuilding Corp. (CSSC) received foreign orders for ships with a total capacity of 1.42 million tons, up 40 percent in orders over 1993. The figure, which accounted for 5.1 percent of total orders worldwide, ranked China third internationally, following the Republic of Korea (ROK) and Japan. According to a CSSC official, the new orders account for the total shipbuilding capacity of China's major shipyards for the next two years.

A Shipbuilding Power

In 1994, China's 26 major shipyards outfitted ships with a record high capacity of 1.64 million tons, up 23 percent over the 1993 figure of 1.33 million tons.

China's shipbuilding industry fabricated its first 10,000-ton freighter superstructure in 1958. Ten years later, it launched the East Wind, the first 10,000-ton ocean-going vessel designed and manufactured totally in China. The latter event marked the entry of China's

shipbuilding into a new stage of fabricating vessels at or above the 10,000-ton class.

However, China's shipbuilding industry remained somewhat stagnant until the 1980s.

Prior to 1965, China had a total shipbuilding capacity of only 300,000 tons, with the annual average production standing at only 80,000 tons. In addition, the deadweight capacity for individual ships was very low. While China had the capacity to fabricate 10,000-ton ships prior to the 1980s, all related activities were carried out behind the country's then closed doors. Its equipment and technology at that time were between 20-30 years behind that of developed countries.

China's shipbuilding sector has developed rapidly since the 1980s. While developing international markets, many shipyards have imported advanced foreign technology and equipment, while at the same time upgraded their design and manufacturing capacities. In 1992, China fulfilled orders for ships with a total capacity of 1.1 million tons, thereby realizing an historical breakthrough by surpassing the previous high of between 600,000-700,000 tons. In 1993, the total output of the shipbuilding sector rose by 20 percent to 1.3 million tons. At the same time, the grade of vessels developed in the direction of increased tonnage, new models and high technology. Many advanced international level vessels, such as container ship, high capacity cold-storage vessels, high-speed, aluminum alloy hydrofoils, motor vehicle transport vessels, oil or liquefied gas tankers and chemical tankers have entered the international market.

In 1994, following two years of effort, the China Classification Society established a quality system suited to the identification requirements of ISO9000 and the International Association of Classification Societies (IACS). The society was granted the QSCC issued by the IACS, thereby indicating that China's ship classification quality system is geared toward internationally accepted standards.

In May last year, CSSC General Manager Wang Rongsheng visited London where he received the 1994 Seatrade Award in recognition of the rapid development and out-standing achievements China has recorded over the past 10 years. According to Wang, China aims to become one of the world's most advanced shipbuilding countries by the end of this century. He said great effort will be made to improve the country's design, manufacturing and technological levels and to raise the shipbuilding capacity to 4 million tons, and the annual ship output to 2.5 million tons.

Export-Oriented Shipyards

By the end of 1994, China had exported vessels with a total capacity of 5 million tons, with 90 percent of the last year's orders coming from overseas clients, including Canada, Spain, Norway, the United States, Hong Kong and Viet Nam. In addition, the CSSC also exported vessels to Japan and the ROK — the world's two major shipbuilding countries. In 1993, the CSSC recorded a first by concluding contracts for the export of two 100,000-ton vessels to Japan. Since that time, however, the corporation has exported self-contained lifeboats, anchors and anchor chains, marine diesel engines and spare parts to both the ROK and Japan.

Some 60 percent of the 70 models of ships exported are designed by China. A number of the models have garnered an excellent reputation on the international market, including the 70,000-ton bulk freighters fabricated by the Jiangnan Shipyard and the 98,000-ton oil tankers manufactured by the Dalian Shipyard. The former is known as the "China Jiangnan Model," and the latter as the "China Dalian Model". China's shipbuilding technology has also established a niche in international market. Main engines for ocean-going vessels have sold well in Germany, Japan, Italy and the United States. Thus far, China has developed and improved 500 models, with many enjoying great popularity with foreign buyers, including 66,000-ton "Panama Model" bulk cargo ships and 44,000-ton and 98,000-ton oil tankers fabricated for Norway.

At present, China has one dry dock with a 100,000-ton manufacturing capacity, one shipyard with a 200,000-ton capacity and a floating dock capable of fabricating 100,000-ton ships. In addition, the country's numerous shipyards along the coast from the north to the south have the capacity to both fabricate and repair large ships.

China's three major shipbuilding bases are found in Dalian, Shanghai and Guangzhou. The major products of the Dalian New Shipyard, the largest modern shipyard operated by the CSSC, are 150,000-ton bulk cargo ships, the largest produced in China. In 1994, the shipyard exported two bulk cargo ships to Belgium. The shipyard recently imported a US\$9 million production line from Norway in order to further improve its production capacity and level.

Shanghai owns three backbone shipyards — the Hudong Shipyard, Shanghai Shipyard and Jiangnan Shipyard. Among them, Hudong Shipyard delivered ships with total tonnage of 350,000 in 1994, ranking first in China's shipbuilding sector. This year, the shipyard will undertake five 70,000-ton bulk cargo ships. The Jiangnan Shipyard has received overseas ship orders with total tonnage of 740,000, involving contracts of

US\$400 million. However, the three shipyards can only produce 100,000-ton or less ships because the water depth is limited.

The Guangzhou Shipyard International, the largest shipyard in south China, currently lists its stocks on both the Shanghai and Hong Kong stock exchanges. Last year, the shipyard exported three 38,500-ton bulk cargo ships and two 4,600-ton oil tankers, with 1995 orders calling for the export of 11 ships.

The current production capacity of the country's dry docks is limited, with the Shanghai, Guangzhou and Dalian shipyards currently engaged in major transformation projects on existing facilities. By the end of this year, China's shipbuilding sector will increase the total production capacity of 35,000-ton vessels to 1.5 million tons. The sector will also undertake contracts for the repair of ships with a capacity of less than 300,000 tons.

SPC Calls For Control of Investment Scale

HK2606104395 Beijing RENMIN RIBAO in Chinese
23 May 95 p 2

[By reporter Fei Weiwei (6316 0251 0251): "Control Investment Scale, Readjust Investment Structure"]

[FBIS Translated Text] Since the scale of investment projects under construction is still too large in China at present, a person in charge of the relevant department of the State Planning Commission recently emphasized that continued efforts should be made to maintain necessary macroeconomic regulation and control, improve related macrocontrol measures, and strive to keep the actually completed investment volume in 1995 at around 1.7 trillion yuan, which is not far from the planned goal.

One of the main measures of macroeconomic regulation and control is to control investment scale by continuing to strictly control the launching of new projects, especially with reference to general processing industrial projects and those projects with an unclear market future, continuing to strengthen control over sources of funds, strictly control total loans on fixed assets according to plan, standardize the capital market, and stop borrowing and lending against regulations, unlawful fund raising, and spending circulating funds on fixed assets. Further efforts should be made to strengthen investment management in real estate, guide the real estate industry to develop in a healthy and orderly fashion, and control the construction of luxurious hotels, office buildings, villas, and holiday villages. In addition, efforts should also be made to strictly control approval to new large and medium-sized projects. Those projects that have been given approval but where construction has not begun should be reevaluated. Approval should

be withdrawn for those projects that are found to have no funding or to have problems in marketing.

The second measure is to make great efforts to readjust investment structure so as to consolidate the results of control over total investment. First, a policy of "protecting some projects and cutting others" should be adopted in making investment arrangements so as to give priority to the needs of key industries and key projects. Second, examination and approval of projects should be very strict, and those projects that do not conform to state industrial policies or reasonable economic scale should not be approved. Third, collection of the investment trends tax must be strengthened in order to use economic means to control the structure of investment. Fourth, control over the flow of foreign investment should be strengthened, and studies should be made on how to better encourage and direct more investment to projects that are highly technical, to basic industries and infrastructure, and to export-oriented and exchange-earning projects that are of high additional value. Fifth, guidance of non-state-owned economic sectors should be strengthened and studies should be made on how to apply land, planning, taxation, and other related policies to indirectly guide and control those economic sectors and ensure that they develop in a more healthy fashion.

SPC Urges Overall Balance in Important Commodities

HK2606104495 Beijing RENMIN RIBAO in Chinese
5 May 95 p 1

[By reporter Pi Shuyi (4122 2885 5030): "State Planning Commission Holds Meeting on Market Circulation, Noting That Seeking Balance Does Not Mean Restricting Activities to Designated Areas"]

[FBIS Translated Text] Beijing, 4 May (RENMIN RIBAO)—The National Work Conference on Market Circulation recently held in Hefei pointed out: It is necessary to correctly and comprehensively understand the central government's requirement that localities should achieve by themselves a balance in major commodities, strengthen interregional and interdepartmental coordination and cooperation, break through regional blockades and departmental barriers, and promote the formation of a unified and open large market.

Convened by the State Planning Commission [SPC], the National Work Conference on Market Circulation focused on exploring how to further deepen reform in the circulation system for important commodities, skillfully manage the purchase, marketing, allocation, storage, and overall balance of grain, cotton, chemical

fertilizers, and other important commodities, consolidate the circulation order, and standardize market behavior.

Many participants in the meeting reported that in a recent period various areas have done much solid work in implementing the central government's decision regarding implementation of the provincial governor responsibility system for grain, cotton, and other important commodities so as to ensure a regional balance. But some places have not demonstrated a comprehensive understanding of this central government principle. They mistakenly believe that balance on one's own means self-balance, consciously and unconsciously blockading their markets by willfully setting up barriers to restrict the movement of commodities, using some abnormal and even irrational administrative means to interfere with the normal activities of purchasing and marketing and market transaction conduct, forcibly controlling the normal allocation and external marketing of grain, cotton, fertilizers, and other important commodities, and disrupting the rational flow of commodities. The participants hold that, to achieve regional balance through the market, it is necessary to take into consideration the economic interests of various sectors and adopt practical measures to guide the rational circulation of commodities. Governments at all levels should efficiently provide services and coordination to guide the establishment of long-term and stable production-marketing relations between regions and enterprises rather than adopting inappropriate administrative intervention measures to hinder the flow of commodities between regions.

This year, the SPC will devote a great deal of attention to achieving an overall balance in important commodities and enhancing macroeconomic regulation and control capabilities. The meeting stressed that various regions should work hard to establish their own regional reserve systems for important commodities, and that grain and non-staple food risk funds should be established as soon as possible and be managed and used effectively. In line with the need to establish a socialist market economic system, it is necessary to strengthen and improve planned guidance over the purchase, marketing, and allocation of important commodities and improving management over the purchase of important commodities. With regard to the confusion in the current circulation order, it should be solved through deepening reform of the circulation system, accelerating the pace of establishing the market system, and strengthening control over market prices. Violations of relevant regulations, such as the willful establishment of barriers, collection of fees, and price hikes, should be dealt with strictly according to law. Intensified efforts should be made to establish wholesale markets and improve the commodity market system.

Draft Law To Limit Insurance Coverage

*HK2506074995 Beijing CHINA DAILY in English
24 Jun 95 p 1*

[By Ma Chenguang: "Draft Law to Limit Insurance"]

[FBIS Transcribed Text] Chinese insurance companies, which mostly provide a wide range of commercial insurance covering property and life, will soon be required to choose one or the other.

According to the draft Insurance Law re-submitted yesterday to the top legislature for review, the 21 Chinese insurance companies and three branch companies of overseas insurance companies must change mixed-businesses to one mainstay.

Though allowing insurance companies to conduct only commercial insurance and forbid social insurance, the draft encourages them to provide services for agricultural insurance, which is considered risky for insurers but important for farmers.

The draft stipulates that to set up an insurance company, one has to own a minimum registered capital of 500 million yuan (\$60.2 million) when intending to do property business, or 200 million yuan (\$24.1 million) as registered capital while seeking life insurance business.

The draft, along with six other draft bills covering guarantees, punishing financial swindlers, energy conservancy, civil aviation, medical practitioners and physical culture, was presented to the Standing Committee of the National People's Congress for deliberation.

The 153-member committee, which meets every two months to discuss and pass laws and other motions, opened the eight-day 14th session yesterday in Beijing.

The Chinese insurance companies have opened more than 400 insurance policies. In 1993, they collected 54 billion yuan (\$5.4 billion) in insurance premiums.

The draft bill, which was reviewed at the Standing Committee's 12th session, requires the companies to hand in 20 per cent of their registered capital to designated banks, and set aside a portion of their capital to jointly establish a safeguard fund in case one company is strained by large payments.

Meanwhile, the draft law on civil aviation, the first of its kind in China, was formulated to safeguard orderly civil aviation activity and the nation's territorial air sovereignty.

With detailed provisions on the guarantee of flight safety, the bill requires that all planes must be examined strictly before they are allowed to fly. It also outlines a

certificate system for air staff and strict management of airports.

The bill also stipulates compensations by carriers to passengers can reach 207,492 yuan (\$24,990), and that for lost or damaged cargo and luggage can reach 212 yuan (\$25.5) per kilogram and 4,133 yuan (\$497) per kilogram for carry-on articles.

The draft law on sports prohibits all banned performance enhancing drugs and therapies in any sports event.

The draft Guarantee Law outlines five guarantee types and forbids employees at government organs, members from sub-branches of enterprises, schools, hospitals and social organizations to act as guarantors.

Market Network To Facilitate Goods Distribution

HK2506074795 Beijing CHINA DAILY in English
24 Jun 95 p 5

[By Lu Hongyong: "National Market Network Emerging"]

[FBIS Transcribed Text] A national network of commodity markets is in the making to facilitate the purchase of goods for the gigantic Three Gorges dam project.

A branch of the network has taken shape in a port of entry in Dongning County, Heilongjiang Province, which borders Russia and is 164 kilometres from the Russian port city of Vladivostok.

The owner of the network, Fodi Three Gorges Power Station Co, prefers Dongning to the border cities of Manzhouli, Heihe, Suifenhe and Hunchun because of its proximity to Vladivostok and its favourable weather conditions.

"Goods for the Three Gorges have to come by sea because they will be in extremely huge batches," said Fodi president Zhang Guangwu.

Work on the Three Gorges dam began last year. During the 17 year construction period, the project is expected to require 220 billion yuan (\$27 billion) in total investment, of which an estimated 150 billion yuan (\$18 billion) will be spent on equipment and materials.

Dongning is soon to have rail and express highway links to Vladivostok.

The port is the most ideal collection and distribution centre for goods from countries of the Commonwealth Independent States (CIS) and eastern Europe, he said.

From Vladivostok, goods can be shipped to Shanghai and then to the Three Gorges via the Yangtze River waterway.

Fodi will be in charge of operating and managing the market, designed to have a total floor space of 15,000 square metres.

A hundred Chinese enterprises turning out quality goods will be chosen to set up booths in the market to display their products to Russian traders in exchange for Russian equipment and materials.

And 18 Russian and east European manufacturers of mining machinery, transport equipment, building materials and nonferrous metals will be chosen to market their products in a 2,000-square-kilometre commodities display hall.

Fodi plans to be extremely cautious in choosing companies for the market, in a bid to improve the reputation of Chinese goods among Russians. Some Russian goods imported in the past also have been found to be inferior in quality.

Zhang, who is also the director of the marketing section of the Three Gorges Economic Development Corp, hopes to see Fodi branches all across the country.

Construction of the network's hub began recently in the suburban economic development zone of Yichang, Hubei, near the construction site of the dam.

The hub, with an initial investment of 100 million yuan (\$12 million), will have 1,000 member companies. They will provide power transmission, building materials, engineering machinery, instruments, office systems, fuel, hardware and chemicals for the Three Gorges project.

The building of the Three Gorges dam could bring 6 million transient workers to the Yichang area. As a result, the hub could also handle consumer goods such as home appliances, furniture, textiles, leather products and garments.

Besides the two emerging goods exchange centres in Dongning and Yichang, Fodi has plans to set up five more — in Shantou, Guangdong Province; Haicheng and Dalian, Liaoning Province; Yiyang, Hunan Province; and Weifang, Shandong Province.

Fodi's ultimate goal is to set up a national information exchange network that can help rationalize prices and broadcast China's market situation around the globe, Zhang said.

He cited the example of Haicheng, in Liaoning. Some 70 per cent of the world's magnesite reserves are believed buried under the city and its surrounding area.

Dealers have been paying \$17 per ton, instead of the internationally accepted \$30, to sell the magnesite abroad.

Thanks to Fodi's fledgling information network, Zhang said, overseas consumers will turn to Haicheng for magnesite and the price will soon approach the international level.

Commentator Urges Thorough State Enterprise Reform

*HK2506071495 Beijing JINGJI RIBAO in Chinese
15 Apr 95 p 1*

[Commentator's article by Yan Kalin (7051 0595 2651):
"Invigorating the State-Owned Sector as a Whole"]

[FBIS Translated Text] A comrade in charge of the State Economic and Trade Commission recently stressed the need in the future to assist efficient state-owned enterprises and eliminate inefficient ones. Meanwhile, Beijing Municipality has also decided to carry out a large-scale readjustment of the city's economic structure this year in a move to assist efficient enterprises and eliminate inefficient ones, realize the optimal distribution of the factors of production, and improve the overall quality of Beijing's economy as a whole.

This is a new approach for enterprise restructuring, and an important shift of the reform in terms of method and form.

Previously, we tried to invigorate every state-owned enterprise and to save money-losing enterprises or enterprises that could not possibly eliminate their losses, or enterprises whose assets were insufficient to pay off their debts. But now, in accordance with the requirements of a market economy, we must aid the efficient and eliminate the inefficient and do everything within our power to invigorate the state-owned sector as a whole instead of invigorating every enterprise.

People have noticed that in the 1960's and 1970's, some foreign companies employed just a dozen or so people each, but they became large multi-national companies in eight or ten years because they turned out quality products. How was this done? It was market regulation that realigned the factors of production. Various kinds of production factors naturally move towards efficient enterprises manufacturing quality products, so they soon develop big production capacities. But inefficient enterprises turning out shoddy goods go bankrupt. According to American economists, in the United States, more than 1 million companies are set up every year, while tens of thousands of companies are closed. Of the newly established small companies, generally speaking, two-thirds are closed within two or three years. After enterprises go bankrupt, their assets immediately switch to efficient enterprises in a variety of forms. By aiding the efficient and eliminating the inefficient, market regulation optimizes and aligns production factors automatically and

at all times. This is where a market economy injects vigor and vitality into enterprises. But we have failed to do this. As a result, it is hard to close inefficient enterprises, and the movement of production factors and assets, realignment are restricted, whereas efficient enterprises find it difficult to expand. People describe this situation as "a few enterprises do not die, while most enterprises cannot live well." This violates the laws governing the development of a market economy.

In fact, the mechanism of a market economy, under which efficient enterprises prosper and inefficient ones are eliminated, in no way means just eliminating several inefficient enterprises. It means the new distribution, optimization and realignment of economic resources or the factors of production. Our industrial layout is a product of the planned economy. Now that circumstances have changed and there is market competition, it is inevitable that a number of inefficient enterprises should shift to other lines of production or be eliminated. We should act accordingly, place emphasis on readjustment, and enable closed enterprises to switch to efficient ones. In this way we will be able to combine the idle assets of inefficient enterprises with the need of efficient enterprises to develop. On the one hand, full use of idle assets will provide an opportunity for inefficient enterprises to gain a new lease of life. On the other hand, efficient enterprises are able to obtain factory buildings and equipment at minimum cost so as to rapidly expand their production capacities, turn out popular products, and enhance their competitiveness. In this way the function of the state-owned sector as a whole will improve, as will its overall economic returns. As a result, the whole state-owned sector will be vitalized.

Furthermore, we cannot use our efforts evenly to invigorate state enterprises. Turning loss-making enterprises into profitable ones does not mean fulfilling the task of enterprise restructuring. In recent years, various localities have attached the utmost importance to state enterprises. Some have focused on money-losing enterprises and have done their utmost to turn them into profitable ones. Others have concentrated on aiding efficient enterprises and have done all they can to expand them. We can change the emphasis of our work during different periods, but in our strategic thinking we must concentrate on stimulating efficient enterprises. Such enterprises refer to those vital to the country's economy and conforming to government industrial policy; pace-setters in key industries; those with fairly large scale and which are major payers of profits and taxes. It is very important to place emphasis on such enterprises. Take the 500 largest manufacturers, for example. Although accounting for 0.7 percent of the total number of state enterprises, they account for about 40 percent of the to-

tal value of assets and total earnings from sales, and contribute at least 60 percent to total profits and taxes. These 500 state enterprises constitute a minority essential to the national economy. Grasping them well means grasping the principal part of the state-owned sector. The invigoration and expansion of such enterprises first will provide larger room for inefficient enterprises to shut down, be suspended, be merged with others or to shift to other lines of production, and will spur a large number of enterprises, thereby fully displaying the advantages of the state sector as a whole.

It is learned that the large-scale readjustment in Beijing is focused on two aspects: one is to aid efficient enterprises and enable personnel, funds, and material to flow to such enterprises and popular products. The other is to make breakthroughs in shutting down enterprises, suspending them, merging them or making them shift to other lines of production. This practice is quite correct. The process of assisting the efficient and eliminating the inefficient and a new distribution of resources is a process of structural readjustment and also a process of stepping up the reform. In this process, enterprises whose assets are insufficient to pay their debts will be made to declare bankruptcy, while efficient enterprises will be encouraged to incorporate inefficient or loss-making businesses through such ways as mergers, purchases or the control or buying of shares of such businesses. Meanwhile, it is also necessary to push forward state assets in the sphere of competition to enter the market, practice paid transfers and realignment, and improve standardization and guidance in this regard. It is also necessary to make a success of the experiment in the establishment of a modern enterprise system, and combine enterprise reorganization and system transformation with technological upgrading. It must be stressed that technological upgrading should tilt toward efficient enterprises because this practice can not only improve the technological standards of such enterprises, but can also help them rapidly expand their production scale and improve their competitiveness in domestic and global markets.

The state sector is the cornerstone of China's national economy. It can be said that so long as we broaden our vision, take the overall situation into consideration, take effective measures to make a success of the readjustment focusing on assisting efficient enterprises and eliminating inefficient ones, promptly expand efficient enterprises, and realize the structural optimization of the state sector, we will certainly be able to invigorate the state sector as a whole.

Machinery Industry Output Up in Jan-May
OW2506015495 Beijing XINHUA in English
0134 GMT 25 Jun 95

[FBIS Transcribed Text] Beijing, June 25 (XINHUA) — The latest statistics released by the Ministry of Machine Building show that China's machinery sector registered an output value of 45 billion yuan (4.4 billion U.S. dollars) in May, up by 30 million yuan over April.

During the January-May period of this year, the sector had realized an output of 196.4 billion yuan at the present prices, up 13.6 per cent from the same period of last year. That was 4.7 percentage points higher than the average of State-owned enterprises.

The sales of machinery products have reached 187.5 billion yuan, up 18.8 per cent from the same period of last year.

The agricultural machinery sector takes the lead in the general growth, showing an increase margin of 35.5 per cent. Instruments and meters rank second with a growth rate of 27.6 per cent.

The output of country's fledgling automobile industry increased by 15.8 per cent during the five months.

Furthermore, the sales rate of machinery products stood at 95.5 per cent in the period, 4.5 percentage points higher than the same period of 1994.

Computer Sales To Reach 50 Billion Yuan in 1995
OW2506031795 Beijing XINHUA in English
0245 GMT 25 Jun 95

[FBIS Transcribed Text] Beijing, June 25 (XINHUA) — China's computer sales this year will hit a record 50 billion yuan (six billion U.S. dollars), compared with 40 billion yuan in 1994, according to electronics experts.

Zhu Pengju, an official with the Ministry of Electronics Industry, said that a total of 700,000 personal computers were sold in China last year, and the figure is expected to approach one million this year.

Statistics show that there were at least two million PCs working across the country by the end of last year.

However, domestic computer makers took a rather small share in the market, Zhu noted. Among last year's sales volume, only 100,000 machines were made in China, compared with 400,000 imported.

The other 200,000 PCs, bearing foreign brands, were assembled in China with imported components. Those included 94,000 machines from the Legend Group and Great Wall Company, the country's two leading computer producers.

Zhu said that the low sales of domestic PCs result from a weak basis of technology and small scales of production.

He noted that at present all the CPU chips and operating systems of home-made PCs are imported.

Last year, the U.S.-based Compaq and AST took the lead in China's computer sales market.

Offshore Oil Production Rises

OW2606075595 Beijing XINHUA in English
0603 GMT 26 Jun 95

[FBIS Transcribed Text] Beijing, June 26 (XINHUA) — China's offshore oilfields will produce nine million tons of crude this year, 30 percent up from last year.

Wang Yan, president of the China National Offshore Oil Corporation (CNOOC), said that China's offshore petroleum industry is maturing through accumulating experience and cooperating with overseas companies.

He said that CNOOC is now able to explore both large oilfields with thick oil and small ones with oil deposits of only several million tons.

By now, all the 13 operational offshore oil and gas fields are making profits, with a profit rate of about 40 percent.

By the end of this century, the corporation will repay all the debts of 400 million U.S. dollars and four billion yuan, Wang said.

To date, China has verified more than one billion tons of oil reserves and 200 billion cubic meters [cu m] of natural gas reserves in its offshore areas.

Wang disclosed that the CNOOC will also build onshore power stations and fertilizer factories.

In east China's Bohai Bay, more than 600 million tons of oil have been found and 48 oil wells have been drilled. They are expected to be able to produce 1 million to 1.4 million tons of crude oil a year.

The first phase of China's largest offshore oilfield went into production in the bay days ago.

In the South China Sea, it is estimated that an oil reserve of 10.2 billion tons and a gas reserve of 13 trillion cu m lie under the sea, most of which is believed to be concentrated in the waters around Hainan island.

The four ocean basins, the Beibu Gulf Basin, Yingge Sea Basin, Qiongdongnan Basin and Pearl River Estuary Basin, which are all located near Hainan Island, may have the largest oil and gas deposits in China's offshore areas.

Since the beginning of the 1980s, the CNOOC has been cooperating with French and U.S. oil companies in tapping oil in the four basins.

Several oil and gas wells have already been put into operation. A well to tap the largest gas deposit of 96.8 billion cu m is now under construction in the Qiongdongnan Basin.

China expects to drill 11 oil wells in the East China Sea with co-operation from five overseas oil companies, according to an official from the CNOOC.

China has so far signed 18 contracts for offshore oil prospecting in its East Sea waters, with 18 oil companies from seven countries.

The CNOOC official said that China will redouble efforts in tapping gas reserves in the offshore areas and use more overseas investment.

Finance & Banking

Shanghai Figures on Performance of Overseas Banks

OW2406084395 Beijing XINHUA in English
0810 GMT 24 Jun 95

[FBIS Transcribed Text] Shanghai, June 24 (XINHUA) — Branches of foreign banks, joint-venture banks and foreign financial firms in this financial center in China saw their assets increase by 129 percent by the end of March over the same period of 1994, according to figures released by the Shanghai Statistics Bureau.

In the meantime, their outstanding deposits in foreign exchange rose by 136 percent, and their profits by 154 percent.

Credit Lyonnais of France, the Bank of Tokyo and the Industrial Bank of Japan lead other operating foreign financial institutions in Shanghai in assets, deposits, and loans, respectively.

More than 120 overseas financial institutions, or one fourth of the foreign financial institutions in China, have made inroads into Shanghai.

They have offered more than 25 percent of the loans provided by those institutions, have accounted for 16 percent and 36 percent of Shanghai's deposits and loans in foreign exchange, and have contributed 35 percent of Shanghai's foreign trade.

Report on Growth of Shanghai's Financial Market

OW2306145595 Beijing XINHUA in English
1346 GMT 23 Jun 95

[FBIS Transcribed Text] Shanghai, June 23 (XINHUA) — The financial market in Shanghai has grown steadily in recent years, promoting economic growth in this, China's economic center.

In the first five months this year, deposits in Shanghai surged by 28 billion yuan, loans rose by some 8.89 billion yuan, and inter-bank lending soared by 63.4 billion yuan, according to official sources.

In addition, the Shanghai-headquartered China Foreign Exchange Trading System had a turnover of 27.2 billion US dollars.

The financial sector in Shanghai grew at an annual average rate of 18.1 percent over the past three years, and accounted for 10.9 percent of the city's Gross Domestic Product (GDP) in 1994.

Shanghai's GDP reached 93.2 billion yuan in the first five months of this year, up 13.4 percent over the same period of last year, with the energetic financial market promoting the efficient use of capital and speeding up the capital flow.

From 1992 to 1994, by issuing various securities, Shanghai raised 41.38 billion yuan, equal to 57.8 percent of bank loans or 29.5 percent of fixed asset investment recorded in the same period.

As a major part of the financial market, more than 120 foreign financial institutions in Shanghai have introduced three billion US dollars in foreign fund in 1994 alone, creating a favorable environment for the city's economic development.

The institutions accounted for 16 percent and 36 percent, respectively, of Shanghai's outstanding deposits and loans in foreign exchange, according to latest official figures.

Shanghai set up an inter-bank lending market in 1986, inaugurated a foreign exchange swapping market in 1988, and opened China's first state stock market in 1990.

The development of the financial market has led to the establishment of nine state-class markets covering such fields as metal, cereals and oil and technology, which registered a total turnover of 1,000 billion yuan in 1994.

Futures Markets To Strengthen Legislation, Management

HK2506075595 Beijing CHINA DAILY (BUSINESS WEEKLY) in English 25 Jun-1 Jul 95 p 1

[By Liu Weiling: "Futures Control Set to Tighten"]

[FBIS Transcribed Text] Strict State administration of the futures market will continue this year with a focus on strengthened legislation and management standardization, said Zhou Daojiong, Chairman of the China Securities Regulatory Commission (CSRC).

Zhou unveiled a multi-pronged programme to further rectify the market, including standardizing the futures exchanges, reviewing futures brokerage companies, cracking down on illegal overseas trading and studying financial derivatives.

The CSRC has asked futures exchanges across the country to adopt a membership system in place of the current corporate system within six months.

Under a membership system, all member trading companies of an exchange are shareholders and the general meeting of members is the highest authority.

The country's futures exchanges currently operate like companies in which the board of directors is the highest decision-maker.

Zhou also asked the exchanges to strengthen management of their member companies and clients. Exchanges must establish mandatory reporting by clients with invested stakes beyond a set figure while a maximum limit on positions must be set to halt market manipulation and excessive speculation.

Meanwhile, Zhou said the commission will continue to review futures brokerage companies and member companies of futures exchanges.

Companies which pass the examination are expected to receive business licenses from the CSRC — those which fail will be closed.

He said the CSRC, along with foreign exchange control administrations, industry and commerce administrations and public security departments, will crack down on illegal trading in overseas exchanges since some companies have defied the State's ban on overseas trading last year.

However, the CSRC and the State foreign exchange control administration will issue business licenses to national companies seeking hedging on international markets.

Zhou said the State Council's decision last month to suspend the State treasury bonds futures market was taken to safeguard the image of reform and opening in trading.

The Shanghai Stock Exchange piloted the State treasury bonds futures market in 1993 and was followed by over 10 exchanges across the country. Ineffective supervision and management precipitated several severe disruptions this year, leading to the government's decision to halt the market.

Zhou asked local securities and futures departments and exchanges to deal with the aftermath to ensure stability on both the market and in society.

The CSRC has prohibited trading in derivatives without approval from the State Council Securities Policy Committee, Zhou stressed.

"Some local governments and departments, regardless of their actual conditions and the possible effects of such trading, blindly copy the trading, which carries high risks," he said.

However, China will pour more efforts into studying financial derivatives, which are currently hot in markets around the world.

Debt Payment Measures for State-Owned Firms Tried

OW2606083995 *Beijing XINHUA in English*
0820 GMT 26 Jun 95

[FBIS Transcribed Text] Beijing, June 26 (XINHUA) — China has produced a number of new measures to ease the process of paying back loans and interests in the case of state-owned enterprises in 18 cities that have been taken over.

Seen as the latest attempt to ensure healthy financial management in China, the People's Bank of China, the State Economic and Trade Commission, and the Ministry of Finance jointly worked out the debt repayment measures for loss-making state-owned businesses which have been acquired by healthy companies.

The measures say that all debts, including loans and debts, that the loss-making companies owe to the banks should be cleared off the books by the new owners, and any attempt to escape debt will face severe penalties.

Those enterprises which run in the red for three years can be exempt in loan interests when the payment deadline was more than two years past, according to the measures, but such exemptions apply only with approval by the banks after a thorough assets evaluation.

Among the 18 pilot cities are the large industrial bases of Shanghai, Tianjin, Wuhan, Changchun, and Shenyang.

Governments and administrative organizations at different levels are not allowed to interfere with loan payments in any way, the measures say.

Insurance Firms Barred From Setting Up Securities

OW2606092095 *Beijing XINHUA in English*
0855 GMT 26 Jun 95

[FBIS Transcribed Text] Beijing, June 26 (XINHUA) — Insurance companies have been urged to use their capital in a safe way so as to ensure preservation of and increase in the value of their assets, reported the journal "China Securities" today.

Insurance companies' funds should only be kept as bank deposits, or be used to trade treasury or financial bonds, and in ways sanctioned by the State Council, said some members of the Standing Committee of the National People's Congress, who are deliberating on the proposed draft insurance law.

The companies will not be allowed to invest in companies in any way or in setting up securities trading organizations, according to the draft insurance law, which authorizes government departments to decide in detail how the insurance companies capital can be used.

To protect the policy-holders' interests, insurance companies should set up a reserve fund to guarantee the ability to cover indemnities, said the legislators.

The draft law was submitted to the National People's Congress Standing Committee for examination in February, and has been revised since preliminary discussions were held in the top legislature's previous session.

Foreign Trade & Investment

APEC Trade Ties Crucial to Economic Growth

HK2506082695 *Beijing CHINA DAILY (BUSINESS WEEKLY) in English* 25 Jun-1 Jul 95 p 2

[By Lu Hongyong: "Apec Ties Are of Vital Importance"]

[FBIS Transcribed Text] Developing trade ties with Asia-Pacific countries is crucial for both China's economic construction and its national security many trade experts believe.

Last year, trade with member countries in the Asia-Pacific Economic Co-operation (Apec) group accounted for 80 per cent of China's overall foreign trade volume, according to Zhou Shijian, vice president of the International Trade Research Institute.

Ten of China's top-15 trading partners are in the region and 90 per cent of foreign investment in China comes from the 18 member countries of Apec.

Regional economic development necessarily includes China, which contributes one-third of the land area and half of the total population of the region, representing a huge and largely untapped market.

Among the most vibrant economic powers in the region, China is generally considered the locomotive for lasting Asia-Pacific prosperity in the 21st century.

But Zhou, also vice-president of the International Trade Research Institution associated with China's Ministry of Foreign Trade and Economic Cooperation, suggests the country can't afford to become smug about its status.

Trade liberalization in the region has gathered pace since the last informal Apec summit meeting in Seattle.

Apec leaders meeting last November in Bogor, Indonesia agreed to ultimately achieve free trade in the region by 2020.

And the coming Apec summit in Osaka, Japan, this November is expected to thrash out a specific free trade regime such as whether the benefits of Apec should be extended globally or to members only.

The trend challenges China with the question: What role is it going to play in the emerging pan-Pacific free trade zone?

An immediate answer lies in consolidating development in the "China Economic Area" (CEA), a term the International Monetary Fund uses to describe China's mainland, Taiwan Hong Kong and Macao.

Overall CEA foreign trade last year hit \$726 billion, outstripping Japan's figure by \$56 billion to rank third after the United States and Germany.

By the 2020 Apec free trade deadline, the CEA is expected to command economic strength on a par with the current European Union or the North American Free Trade Area, enabling China to have a leading role, instead of a subordinate one, in Apec, Zhou says.

Trade and investment within CEA is also progressing fast, which is of strategic importance to the nation's reunification cause.

Official Says PRC Views IPR as 'Small' Issue

HK2606020895 Beijing RENMIN RIBAO OVERSEAS EDITION in Chinese 16 May 95 p 3

["Intellectual Property Rights in China" column article by Wang Yong (3076 8673) of the State Council Office of Intellectual Property Rights Working Conference: "Intellectual Property Rights Protection: From State Tactics to International Strategy — Investigation and Interviews on the Protection of Intellectual Property Rights (Part Five)"]

[FBIS Translated Text] Note by the host of this column: In recent years, the protection of intellectual property rights (IPR) has become an issue of common concern in international politics, economics, science and technology, and cultural exchanges. The international multilateral and bilateral talks surrounding this issue, especially the reaching of the General Agreement on Tariff and Trade (Trade-Related Intellectual Property Stipulations) (TRIPS), shows that the protection of intellectual property rights is no longer purely a country's internal legal prob-

lem, but part of what composes world trade relations. In a certain sense, IPR protection is one of the foundations and conditions for establishing a new world trade system and order. This special column will publish signed articles by some public figures in China's IPR circles, and discuss IPR from a theoretical angle.

IPR protection is an international topic today. Economic and trade relations and even political and diplomatic relations between countries are often influenced by IPR protection. A common case in point is that negotiations on IPR are often backed by trade retaliation. Overall pressure in political, economic, and diplomatic fields is exerted to push other countries to better protect IPR. Why is this? In essence, it is the question of interests that are at work. Behind the protection of IPR are gigantic economic interests and strong international competitive abilities that evolve with technical progress. People have begun to realize that the economic development of a country depends more on its technological creativity and assimilation abilities than on its production ability. In simple terms, competition between countries has increasingly found direct expression in scientific and technological competition. From the angle of trade, the proportion of technological trade (centering on trading in intellectual property rights) in international trade is growing, surpassing trade in tangible commodities, and the volume of technological trade is still expanding. Protection of IPR plays an important role in encouraging creativity in high technology industries based on knowledge, promoting the development and marketing of products, and maintaining the trade competitiveness of a given country.

Domestically speaking, if creative labor is not respected and protected, then who wants to spend money and energy on creative activities? Internationally speaking, when manufacturers of high-tech products fear that their IPR will be violated in a given country, they are very reluctant to market their products in that country. As a result, the domestic and international sources of scientific and technological progress will dry up. Therefore, the protection of IPR is not only where a country's interests in scientific, technological, and social development lie, but if a country wants to keep up with the rest of the world, such protection is also an inevitable reaction to international relations characterized by increasingly intense competition. Someone may ask if I have overemphasized the importance of IPR protection. No, I have not given it enough emphasis. Since I took part in the Sino-U.S. negotiations on IPR, I was able to discover in person how strongly the United States — a technologically developed country — viewed the protection of IPR. The question of IPR can be said to

have become a core issue [he xin wen ti 2702 1800 0795 7344] in the trade policy of the United States in the last six to seven years. U.S. representatives at the trade negotiations said bluntly that the heart [zhong xin 6850 1800] of U.S. trade policy was, first, market access, and second, IPR. The U.S. action has deep political and economic roots. Other countries and regions, such as Europe and Japan, have made the protection of IPR part of their state policies. The protection of IPR is an important issue, but we have treated it as a "small" one [wo men ba ta kan "xiao" le 2053 0226 2116 1338 4170 1420 0055]. If one understands the vital importance of protecting the fruits of creative labor, it is not difficult to understand the necessity of IPR. This is because not only invention and creation by individuals need protection, but the development of the national economy, also depend on it. The TRIPS agreement concluded at the Uruguay round of the GATT talks last year demonstrated the importance of protecting the fruits of human intelligence.

So how should we understand IPR protection strategies?

The international community has fully realized the importance of IPR protection in international competition and its necessity in promoting international trade. To protect IPR has become a common understanding in the international community, and no country can be an exception. Even the essence of the argument between the developed and developing countries on the issue of IPR protection is not on whether there should be a high level of protection, but only when to realize such a high level of protection. Developing countries of course want to have a few more years as a buffer period to complete policy adjustment at home. Simply put, international strategy on IPR protection has two aspects: First, a large number of international conventions and treaties have been concluded focusing on the protection of IPR, giving rise to many international standards on protecting such rights. Beginning with the 1886 Berne Convention, dozens of international conventions and treaties on IPR protection have been put into effect, and this figure does not include the many bilateral treaties and conventions in existence. It is rare to have so many international standards in other legal areas. Second, the question of IPR did not come up as an isolated issue. It has always been related to economic, trade, and even political issues. In a sense, it is a tool to be used in international political, economic, and trade struggles. Upon China's return to GATT, for example, certain signatory states demanded that China promise a high level of protection for IPR as a precondition and basis for supporting China's entry.

Finally, I want to discuss the relationships between state policy and international strategy.

Generally speaking, it should be left to the country's legal system to decide if it is to protect IPR and what the degree and level of such protection should be. Even international conventions and bilateral treaties still have to be accepted and approved through legal processes in all countries involved. This is the judicial sovereignty of any given country, and international standards cannot stand above this judicial sovereignty. Quite the contrary — international conventions and treaties all acknowledge the principle that signatory states have the right to protect IPR through their own laws. TRIPS also stipulates that member countries have the freedom to decide on the appropriate form of protection for IPR and to implement this treaty within their national boundaries. What the international standards demand is appropriate and effective protection of IPR no matter in what form and under the arrangements of what system they exist. Such protection should not be lower than the internationally specified minimum level. That is to say, the international strategy on the protection of IPR must be realized through concrete policies of the countries involved; i.e., the international strategy is established on the basis of acknowledging and respecting state policies. On the other hand, state policies must be brought into line with the international strategy. This means that when making state policies, it is necessary that we consider linking them with international standards and making timely and active adjustments to them.

State Measures To Curb Foreign Investment Tax Losses

HK2506075895 Beijing CHINA DAILY (BUSINESS WEEKLY) in English 25 Jun-1 Jul 95 p 3

[By Tong Ting: "Foreign Tax Oversight Tightened"]

[FBIS Transcribed Text] China is adopting a series of taxation measures in an effort to head off foreign investment tax losses, said an official with the State Administration of Taxation (SAT).

Tax departments will provide more services to foreign-funded enterprises and overseas companies doing business in China as well as foreign individuals to raise awareness of tax laws, said Zhang Zhiyong, deputy director of SAT's Foreign Investment Taxation Department.

The country will also improve regulations on foreign investment taxation and conduct more thorough training of tax officials.

The nation's tax institutions are currently experimenting with a computerized system for foreign investment taxes with the ultimate aim of setting up a computer network linking them with banks and industrial and commercial administrative departments.

Fast-growing foreign-funded enterprises have become an important tax resource for the State, with foreign investment tax revenue growing steadily in recent years.

In the first quarter of this year China collected about 10 billion yuan (\$1.1 billion) in foreign-paid taxes, accounting for just under 10 per cent of all industrial and commercial taxes.

Zhang said that while most foreign-funded enterprises, overseas companies and foreign individuals pay taxes according to the law, tax evasion has become a serious problem.

Thirty-five per cent of 19,176 examined foreign-funded firms and overseas companies doing business in 23 provinces and cities surveyed last year dodged enterprise income taxes to the tune of roughly 400 million yuan (\$47 million), said Su Xiaolu, division chief of the Foreign Tax Inspection Division of the Foreign Investment Taxation Department.

About 42 percent of the 21,076 foreign-funded firms and overseas companies surveyed in a different sample paid overdue value-added, consumption and business taxes worth 280 million yuan (\$33 million).

And among more than 60,000 surveyed foreign individuals, 43 million yuan (\$5.1 million) in overdue individual income tax from about 16,000 tax evaders was levied by tax institutions.

Su said foreign-funded firms and overseas companies adopted a variety of methods to falsely report their income.

Of greater concern to tax officials is the too-often found scenario whereby foreign taxpayers manipulate raw material supplies and product sales to shift profits abroad and dodge taxes.

But Zhang pointed out that lack of adequate tax services has also contributed to the foreign tax losses.

Some tax departments have not been able to provide new tax rules and regulations to foreign-funded firms and overseas companies, while a disarrayed legal system has also led to misunderstandings among taxpayers.

Zhang said tax evasion mainly occurs at small and medium-sized foreign-funded enterprises, especially those with short-term operations in China.

In contrast, most multinationals have a strong record in paying taxes and often invite accounting firms to serve as tax agents.

Commission Announces New Foreign Investment Rules

HK2506050895 Beijing ZHONGGUO XINWEN SHE in English 0516 GMT 24 Jun 95

[FBIS Transcribed Text] Beijing, June 24 (CNS) — An official of China's State Planning Commission (SPC) has recently announced three new investment policies aimed at absorbing and guiding foreign capital onto the right tracks for infrastructure projects such as transport, energy and telecommunications.

The three new policies are:

1. Providing credit services to yield capital needed for infrastructure projects — Banks will provide preferential loans to support promising foreign-funded projects in transport and energy sectors.

2. Preferential tax rates — Favourable tax rates will be offered to foreign enterprises engaged in specialized projects such as port and harbour joint ventures. If the period of operation exceeds 15 years, the foreign enterprises are entitled to tax reductions of up to 50 per cent.

3. An integrated compensation scheme — For railroad, highway and bridge projects which involve massive capital outlay and lengthy recovery periods, the central government will "compensate" foreign enterprises accordingly, by allowing them to expand related scope of services and to run projects with a greater profitability.

The official also predicted that from now to the year 2000, China will need a staggering capital of US\$ 500 billion to sustain its various transport and energy projects.

Pudong Urges Availability of Overseas Investment

OW2606081895 Beijing XINHUA in English 0128 GMT 26 Jun 95

[FBIS Transcribed Text] Shanghai, June 26 (XINHUA) — The authorities of the Pudong New Area in Shanghai, the largest economic center in China, have urged overseas partners of some overseas-funded enterprises to pay in funds promised in contracts by the end of this year.

According to statistics, by the end of this May, 3,007 overseas-funded enterprises had been approved in the Pudong New Area, involving 12.08 billion US dollars of investment, of which 7.3 billion US dollars are overseas funds, accounting for about 25 percent of Shanghai's total.

Of the 2,172 enterprises which have obtained business licences, actual overseas investment availability is only 61.03 percent.

A total of 79 overseas-funded enterprises have paid in nothing and 104 enterprises have only paid in parts of the investment, accounting for 15 percent of the total number of overseas-funded enterprises set up in the New Area.

Officials say that the delay of funds has hindered the development of the Pudong New Area.

The authorities are to tighten the approval of overseas-funded enterprises and liquidate those which failed to pay in the funds promised in contracts.

Hainan Special Zone To Lease Land for Foreign Growth

OW2306152195 *Beijing XINHUA in English*
1455 GMT 23 Jun 95

[FBIS Transcribed Text] Haikou, June 23 (XINHUA) — Yangpu, China's first development zone to lease parcels of land for foreign development in Hainan Province, is open for business.

Soon after Hainan became a province and the country's largest special economic zone in 1988, it came up with the idea of leasing the Yangpu Peninsula for foreign investment. The peninsula is located near Beibu Gulf, about 200 kilometers away from the provincial capital of Haikou.

In March 1992, the peninsula was approved by the central government as the Yangpu Economic and Technology Development Zone, which started by leasing 30 square kilometers of land to Kumagai Gumi (H.K.) Ltd. For development in 70 years.

The Hong Kong company has built a power plant with a generating capacity of 315,500 kilowatts and support facilities of an oil wharf and storage tanks. It has also built a 20-kilometer-long trunk road and a 15-kilometer-long drainage system, leveled a 15-square-kilometer area, installed underground water supply facilities, and the first-phase of a postal and telecommunications bureau.

According to Jiang Shangzhou, Director of the Yangpu Economic and Technology Development Zone Administration, when the central government strengthened macro-economic controls and put a lid on the overheated economy in the last two years, Yangpu did not stop developing, but instead sped up construction.

"Vice-premiers Zhu Rongji and Li Lanqing met with C.P. Yu, president of the Yangpu Land Development Company Ltd., in Beijing early this year and this demonstrated the full support the central government gives to development of the zone," Jiang said.

The Hainan Provincial Government has decided to build an expressway linking the zone with Haikou. With a total investment of 2.2 billion yuan, construction of the expressway will begin in August this year and is to be completed by the end of 1996.

To support Yangpu's development, the customs office has granted preferential policies to the zone, which is also being given more power by the Yangpu Power Company Ltd.

With an approval of the central bank, the Hainan International Financial Company Ltd. Was started here by a number of banks, in April of this year, to create more favorable conditions for the zone's development.

Shandong's Economic Zones Become 'Showcase'

OW2306152395 *Beijing XINHUA in English*
1502 GMT 23 Jun 95

[FBIS Transcribed Text] Jinan, June 23 (XINHUA) — The Qingdao, Yantai, and Weihai economic and technology zones in Shandong Province have become a showcase of the export-oriented economy of the province.

Founded after 1984, these zones have spent 17 billion yuan on fixed assets, developing an area of 38 square kilometers by crisscrossing it with roads and providing a better power supply and telecommunications, and living facilities.

They have come up with 150 sets of local regulations and rules to ensure development along the lines of international practices.

According to statistics, the zones have approved more than 4,000 projects with a total investment of 27 billion yuan. Included were 1,170 foreign-funded items with a combined foreign investment of 1.6 billion U.S. dollars.

The zones have produced nine billion yuan's worth of goods, earned 800 million yuan, delivered 1.57 billion yuan to the state in taxes and profits, and exported more than 800 million U.S. dollars worth of goods.

Sino-U.S. Insurance Training Center Opens

OW2306153495 *Beijing XINHUA in English*
1524 GMT 23 Jun 95

[FBIS Transcribed Text] Shanghai, June 23 (XINHUA) — The first Sino-foreign insurance training center opened today in Shanghai, China's commercial hub.

The Chubb School of Insurance, jointly funded by the U.S. Chubb Insurance Group and Shanghai University of Finance and Economics, was set up mainly to train Chinese management personnel, and agents and other

personnel for the insurance industry, for both domestic and foreign firms.

The company will provide the center with necessary textbooks, equipment, funds, and teachers for the next five years. Total investment is estimated to reach about one million U.S. dollars.

Founded in 1882, the Chubb Group has expanded its business in New York to all over the world, and has assets totalling one billion U.S. dollars.

Chubb Deputy Chairman Percy Chubb III said that they are pleased to be able to work with Shanghai University of Finance and Economics to begin insurance education in Shanghai.

The company is willing to pass on its knowledge and experience of more than a decade to insurance personnel here and continue efforts at studying China's insurance market, he said.

Singapore Company Signs Deal on Oil Joint-Venture

OW2506154995 Beijing XINHUA in English
1514 GMT 25 Jun 95

[FBIS Transcribed Text] Qingdao, June 25 (XINHUA) — A Singaporean Company, Gatx, has signed a contract with two Chinese companies to build a huge liquefied oil storage and delivery project in Qingdao, the largest port city in east China's Shandong Province.

The project, named Lanshan Gatx Liquefied Oil Storage and Delivery Company Ltd., will be jointly invested in by the Shandong branch of the China National Chemicals Import and Export Corporation (CNCIE) and the CNCIE.

The Investment of 29.8 million US dollars for the first phase of the project will be used to provide services for the storage and delivery of exported and imported liquefied oil products.

And within three to five years, the project will be expended to have a storage capacity to 178,000 cubic meters.

Agriculture

Zou Jiahua Urges Better Use of Farmland

OW2406144295 Beijing XINHUA in English
1430 GMT 24 Jun 95

[FBIS Transcribed Text] Beijing, June 24 (XINHUA) — Chinese Vice-Premier Zou Jiahua called on governments at all levels to value, make better use of and protect the country's farmland.

The vice-premier made the call in an article marking the fifth anniversary of the National Land Day which falls on June 25.

"Protecting farmland is to protect China's lifeline, which has a vital bearing on the country's reform, development and stability, and the survival and development of the coming generations of the Chinese nation," the vice-premier wrote.

"Governments at all levels should strictly implement the policies on farmland protection made by the Central Committee of the Communist Party of China and the Chinese Government, which attach great importance to land administration and farmland protection," Zou said.

"The governments should also give publicity to the Law of the People's Republic of China on Land, Regulations on Protection of Farmland and Law on Urban Real Estate Administration," he added.

China has a large population, per capita acreage of land is small and land resources is inadequate, and this is the country's basic situation, Zou said, adding that China's population increased by 13 million last year while the farmland decreased by 400,000 ha.

"It is of vital importance to save land and protect farmland as economic development and construction will occupy a certain amount of farmland every year", Zou wrote in the article entitled "implement the basic national policy and earnestly protect farmland".

Zou also called for development of farmland resources and improvement of wasteland to ensure the total amount of farmland.

On the reform of land use system, Zou said governments at all levels should improve management of land resources, regulate the land market and gradually form a mechanism of using the market to optimize the distribution of land resources.

He said efforts should be made to improve the management of collective use of land and reduce as much as possible the use of land for non-agricultural purposes.

Jiang Chunyun Urges Development of Rural Economy

OW2406154095 Beijing XINHUA in English
1535 GMT 24 Jun 95

[FBIS Transcribed Text] Beijing, June 24 (XINHUA) — Chinese Vice-Premier Jiang Chunyun has stressed the adjustment of rural economy as an effective means to improve the country's agriculture.

Jiang said that it is a strategic choice for the take-off of the agriculture and rural economy.

He made these remarks during his inspection tour of east China's Jiangsu Province between June 19 to 24.

The vice-premier inspected rural areas in Yangzhou, Yancheng and Nantong cities, where a quite profitable crop-growing undertaking have been developed.

Jiang said that the problem of low profit in crop-growing industry has long suffered the farmers in grain and cotton growing areas, while the success of the three cities in the sector has provided the whole country with valuable experience.

He said the experience of the three cities shows that a rapid growth in rural economy depends on a large investment in crop growing sector, which is the base for the development of other agricultural sectors and township industry.

To realize a smooth development of the rural economy, the growth in agriculture, especially in the outputs of grain and cotton, must be guaranteed, and the township industry should strengthen its support to local agriculture, according to the vice-premier.

He also stressed the importance of popularizing new techniques in agricultural production and management and strengthening the professional training in rural areas.

Wen Jiabao Inspects Gansu Drought-Stricken Areas
OW2406132795 Beijing XINHUA Domestic Service in Chinese 1057 GMT 17 Jun 95

[By reporter Li Jiang (2621 3068)]

[FBIS Translated Text] Lanzhou, 17 Jun (XINHUA) — During his recent fact-finding trip to arid rural areas in central Gansu, Wen Jiabao, CPC Central Committee Political Bureau alternate member and secretariat member, pointed out: Drought and water shortages constitute the largest factor hindering agricultural development in western China. We must build farming infrastructure centered on irrigation works, and improve the conditions for agricultural production and the ecological environment to raise productivity. These are the fundamental measures for developing agriculture and rural economies, and for improving peasants' living standards.

From 9 to 17 June, Wen Jiabao toured Dingxi, Linxia, Baiyin, and Lanzhou to find out about agricultural production and peasants' livelihood. He also inspected the Datong-Qinwangchuan river diversion project and the second-stage water conservancy project at the Jinggu Hydropower Plant, and visited drought-stricken areas where he had informal discussions with local cadres and people.

Wen Jiabao affirmed Gansu's experience and achievements in developing agriculture. He said: We should take a comprehensive approach, toward improving the conditions for agricultural production and the ecological environment based primarily on the construction of irrigation works. Irrigated areas should properly manage, use, and protect existing irrigation facilities. They should tap potential, and try in every possible way to improve the overall benefits of irrigation and to increase grain output. Arid areas should develop water-efficient agriculture and dry farming, and continue the effective and popular practices of harnessing small valleys, collecting rainwater, using plastic sheets, and adding layers of coarse sand to cultivated land. In addition to vigorously developing grain production, they should actively develop animal husbandry, forestry, fruit growing, and village and town enterprises to invigorate rural economies in an all-around manner and to increase peasants' income.

Wen Jiabao noted: Agricultural development, rural economic development, and the improvement of peasants' living standards in western regions have a bearing on the overall interests of reform, development, and stability; the coordinated development of eastern and western regions; and common prosperity and progress for all nationalities. Leaders at all levels should proceed from this perspective to unify their thinking and improve their understanding; strengthen leadership over rural work; and devote their main energies to improving the conditions for agricultural production and to solving the problem of feeding and clothing the people. They should uphold and improve the responsibility system with household contracting as the main form, as well as the dual management system that combines household and collective operations. They should implement the policies and measures of the party and government on strengthening the agricultural sector; carry forward the fine tradition of self-reliance and hard work; and unify and lead people in improving production conditions and in changing the state of poverty on their own.

Wen Jiabao also called on drought victims and inspected drought-stricken areas in Huining, Dingxi, and Dongxiang counties, and studied drought control and relief measures with local cadres and people. He emphasized: Party committees and governments at all levels in drought-stricken areas should attach importance to drought control and relief operations, and make conscientious efforts to improve leadership in this respect. Leading cadres should go to drought-stricken areas to assess the state of drought; organize people to provide for themselves through the development of production; solve glaring problems related to the production and

livelihood of people in drought-stricken areas; and strive to minimize losses caused by drought.

Yan Haiwang, Gansu Provincial CPC Committee secretary, and others were present during the fact-finding trip.

FAO Chief Views Grain Production Success

OW2406140995 Beijing XINHUA in English
1240 GMT 24 Jun 95

[By Chen Cailin and Xiao Lingjun]

[FBIS Transcribed Text] Addis Ababa, June 24 (XINHUA) — The Food and Agriculture Organization of the United Nations (FAO) Director General, Jacques Diouf, today praised China for its success in implementing an FAO pilot program aimed at increasing grain production by using "known technology" and expertise.

He made the commendation when answering XINHUA about successful examples of the program, which has been launched in 15 countries, of which nine are in Africa.

Diouf said that "China is one of the countries we're satisfied with" in terms of the results of the pilot program.

China ensures that the FAO program gives rise to increasing agricultural productivity as well as production in areas, where irrigation is guaranteed.

"I believe in the paper" which reports about "even a scheme" of moving people from arid land to relatively more productive areas to ensure good crops, and "we prefer that," the FAO Director General said.

As a FAO member state, China shares its experience with other members and countries of the world, according to Diouf, who was briefing journalists on the FAO program development in the Africa hall of the Ethiopian capital Addis Ababa, the headquarters of the Organization of African Unity (OAU).

Diouf said he has reasons for satisfaction with the progress of the pilot program. An African country, which he declined to identify, "is moving into the direction of three crops a year," he said, adding the first crop is followed by maize and then by rice.

Diouf was elected to the post as the first African candidate in 1993. FAO was founded in October 1945 and has 169 member states now.

State Land Administration To Curb Random Land-Use

HK2506074895 Beijing CHINA DAILY in English
24 Jun 95 p 2

[By Liang Chao: "Country to Crack Down on Illegal Land-Use"]

[FBIS Transcribed Text] China's land administration authority will take stern measures this year to curb random land-use or occupation illegally approved by local leading officials.

The State Land Administration (SLA) will entrust its local agencies to check and cancel such illegal land-use approvals, Zou Yuchuan, a top SLA official, said on Thursday at a seminar marking the nation's fifth Land Day which falls on June 25 every year.

Zou made it clear SLA agencies have the right to declare land-use documents illegally approved by local authorities to be null.

He said the illegal ways include officials exceeding their authority, the way of breaking up large tracts of a land-use project into smaller parts to get out of supervision from law enforcing agencies or using the land first and getting approval afterwards.

Meanwhile, land-use certificates they issued will be written off and results will be publicized, Zou said.

Implementation of the measure, aimed at further intensifying China's law enforcement of land-use approval, has begun in a few areas, he added.

Zou and other experts attending the seminar admitted illegal approval of land-use "has long been a stubborn problem challenging the government's efforts to control China's constantly shrinking farmland and stabilize its grain production."

Wang Bingqian, vice-chairman of the Standing Committee of the National People's Congress (NPC), urged local authorities to intensify law enforcement and supervision on land to be used for non-agriculture purposes.

Illegal practices, including blind sales of land to investors, construction projects and locally-made land-use policies for attracting overseas investment "will not be allowed in China a country still facing a potential crisis in agriculture with the world's largest population but insufficient farmland," the vice chairman said.

Statistics show that in the last 10 years, farmland decreased an average of 400,000 hectares annually.

China's per capita share of farmland is 0.18 hectares, which is only 25 per cent of the world average.

But China's population grows by 14 million people annually.

The Chinese Government is paying close attention to the formulation of the country's first Land Law in a bid to effectively protect its constantly shrinking farmland.

The Standing Committee of the Eighth NPC has listed formulation of the Land Law in its legislation plan and several legislative agencies are working jointly on drafting the law, Wang said.

The vice-chairman said enactment and enforcement of the Land Law will mark the establishment of the framework of a land legal system under a market economy.

Though protection of farmland in the country has become more effective, the occupation of farmland remains serious in some places with recent years' rapid economic growth and large-scale construction, Zou Yuchuan said.

Some cities have expanded unchecked by constantly seizing farmland while other places have readjusted their agricultural structure irrationally by turning some farmland into fish ponds or orchards.

Shandong Holds News Briefing on Land Management

SK2406090695 Jinan Shandong People's Radio Network in Mandarin 1000 GMT 23 Jun 95

[FBIS Translated Text] To mark the fifth Land Day of the PRC, the provincial land bureau held a news briefing on 23 June, at which Director (Zhao Fuchen) briefed the press on the situation of strengthening land management, strictly investigating and dealing with unlawful land occupation cases, and protecting cultivated land.

Over the past five years, party committees, governments, and land administrative departments at all levels in the province have positively propagated the national condition, policies, and laws with regard to land, have conscientiously implemented the laws and regulations on land management, have promoted the reform of land use system, have strictly enforced land examination and approval, have strictly investigated and dealt with unlawful land occupation cases, and have organized development and utilization of uncultivated and waste land. As a result, new order of unified management and reasonable utilization of land have taken shape basically, and the trend of confused land management and decreasing cultivated land has been put under control.

So far, 83 cities in the province have completed planning for protecting vegetable fields, and 740,000 mu of vegetable fields are under protection now. Meanwhile, 75 percent of cities have initially finished delimiting capital farmland areas, and 80 million mu of capital farmlands are under protection. Since 1991, the province as a whole has saved more than 30,000 mu of cultivated land thanks to the implementation of the plan on investigating unreasonable land occupation, thus preventing blind occupation of cultivated land. The provincial land administrative bureau has also newly developed 3.2 million mu of land, of which 3.1 million mu is cultivated one. In terms of land development and utilization, the province has correctly handled the relations between support for economic construction and control over land occupation, by persisting in the principle of paying equal attention to broadening sources of income and reducing expenditures. As a result, the province has effected steady increase in cultivated land for five years running and has registered a net increase of 750,000 mu in cultivated land over the past five years. At the same time, as a result of carrying out the reform of land use system, the province has accumulatively transferred the right to use some 33 million square meters of land and has gained some 2 billion yuan from this, thus contributing to sustained and steady development of the province's national economy and to urban construction of the province.

Henan Takes Steps To Better Protect Farmland

OW2506160595 Beijing XINHUA in English 1551 GMT 25 Jun 95

[FBIS Transcribed Text] Zhengzhou, June 25 (XINHUA) — The craze for development zones and internal agricultural restructuring have prompted the leadership of central China's Henan Province to put its farmland under better care to ensure an ample supply of farm goods.

With 102 million mu (6.8 million ha) of arable land, the second largest among China's provinces and autonomous regions, Henan is one of China's most important producers of grain, cotton and edible oil.

"Protection of the farmland is therefore of considerable significance to the whole nation," said a provincial official.

The provincial government has labeled 1995 the year for protection of basic farmland and unveiled a number of detailed rules and regulations on farmland protection.

Local officials have been made directly responsible for protection of farmland, an item that will be taken into consideration when the officials are assessed annually, according to the rules.

Forty-five counties of the province have been drawing concrete plans for protection of farmland under their jurisdiction. Efforts are also being made to reclaim arable but wasted land.

The province reclaimed 52,500 mu (about 3,500 ha) of such land last year and the figure for this year has been set at 51,000 mu.

The provincial government has made stern control on the use of farmland for urban construction and development zones. It has also prohibited the once-widespread practice of turning arable land into orchards.

Henan has, meanwhile, stepped up its efforts to protect farmland through better enforcement of laws and regulations. It dealt with 3,595 land-related cases last year.

Hunan Diversifies Into Livestock Breeding

OW2606084095 Beijing XINHUA in English
0828 GMT 26 Jun 95

[FBIS Transcribed Text] Changsha, June 26 (XINHUA) — Hunan Province, China's largest rice producer, is diversifying its economy with animal husbandry becoming the main alternative.

According to statistics, the province's production in animal husbandry set a record high in the early part of this year with the output value rising by 57.1 percent over the same period last year and accounting for 33 percent of the gross agricultural output value.

The number of pigs, cattle, sheep, rabbits, and poultry ready for market went up by between 15 and 40 percent, and those which have been sold also registered a big increase.

Hunan now has 45 pig production bases and 316,300 households specializing in pig raising.

A survey has shown that farmers in the province earned an average of 152.9 yuan per capita from animal husbandry last year, accounting for 59 percent of the increase of their income.

Tibet Increases Investment in Agriculture

OW2306152295 Beijing XINHUA in English
1458 GMT 23 Jun 95

[FBIS Transcribed Text] Lhasa, June 23 (XINHUA) — Government financial organizations at all levels in Tibet, on the roof of the world, have increased investment in agriculture, which has helped all-round agricultural development in the region.

As a result, the total output value of agriculture and animal husbandry in Tibet climbed to 2.3 billion yuan in 1994, a 4.5 percent increase over the previous year's figure.

Local farmers and herdsmen gained an additional 6.6 million yuan in profits in each of the past 14 years as a result of reduction of taxes or exemptions for agriculture and animal husbandry.

Last year, the regional finance department allocated 114 million yuan in aid to agriculture, and a total of 112 million yuan is earmarked for agriculture this year.

The region also raised the price of farm and animal products in a bid to raise the enthusiasm of farmers and herdsmen in production.

In spite of an acute shortage of funds, the region has earmarked 60 million yuan for setting up risk fund for grain and non-staple food development.

To make efficient use of government funds in agriculture, a series of reforms have been carried out in the management of agriculture-related funds.

Tobacco Monopoly To Curb Chaotic Trading, Smuggling

HK2506075695 Beijing CHINA DAILY (BUSINESS WEEKLY) in English 25 Jun-1 Jul 95 p 1

[By Sun Hong: "State Raises Checkpoints on Tobacco Road"]

[FBIS Transcribed Text] Officials with the State Tobacco Monopoly Administration told Business Weekly the bureau is strengthening administration on monopoly tobacco products to combat chaotic trading channels and rising smuggling.

Legal trade and international co-operation in China's tobacco industry are still highly encouraged, officials stressed.

Tobacco monopoly commodities refer to cigarettes, cigars, cut tobacco, redried leaf tobacco, leaf tobacco, cigarette paper, filter rods, cigarette tow and cigarette manufacturing equipment.

According to the State Tobacco Monopoly Law published in 1991 and related administration regulations, trade in these products can only be conducted by the China National Tobacco Import and Export Corp and its subsidiaries, in addition to a few authorized trade companies.

However, lured by the huge profit, sales of illegally-imported cigarettes have risen in recent months, said Jiang Ming, head of the bureau.

Aiming to better the trade order, the bureau is working jointly with the customs service and the State Industrial and Commerce Administration authorities to curtail

cigarette smuggling and other illegal dealings. Violators will face severe punishment, Zhou said.

Last year, China's customs service confiscated more than 4 billion pieces of smuggled cigarettes. Officials estimated the haul accounted for only a small percentage of all cigarettes smuggled into the country.

Due to an oversupply of cigarettes in China at present, Zhou said the bureau will not approve new joint ventures in cigarettes, redried leaf tobacco or filter rods this year.

With 183 cigarette plants, including three joint ventures, China has an annual cigarette production capacity of 2,000 billion pieces, which exceeds its annual consumption of 1,600,170 billion pieces.

But he said joint ventures in tobacco machines, special fertilizers for production of cigarettes and cigarette paper and cigarette tow are encouraged.

"Also, we welcome technical co-operation in various forms such as joint exploitation of new cigarette brands and processing of imported materials," Jiang said.

There are four joint ventures in China manufacturing cigarette tow, among which one in Tantong, Jiangsu Province, started operation in 1990 while the other three are under construction, in Zhuhai, Kunming and Xi'an separately.

Central-South Region

Guangzhou To Open Auto Trade Market 28 Jun
OW2506151195 Beijing XINHUA in English
1459 GMT 25 Jun 95

[FBIS Transcribed Text] Guangzhou, June 25 (XINHUA) — Guangzhou, the capital city of south China's Guangdong Province, will open the largest automobile trade market in southern China on June 28.

The automobile market, covering an area of 70,000 sq-m, is jointly funded by the Guangzhou Administration for Industry and Commerce and two local economic development companies.

The trade market will provide banking, insurance, and other services and use a computer network linking with automobile markets in Shanghai, Beijing, Chengdu, and Shenyang to provide the latest automobile trading information for its clients.

In recent years, automobile market has boomed throughout the country. China itself produces only little over one millions cars annully since 1990s and spend billions of US dollars of money every year importing foreign cars to meet its soaring automobile market.

Guangdong Province Destroys Drugs in Public
OW2506145395 Beijing XINHUA in English
1435 GMT 25 Jun 95

[FBIS Transcribed Text] Guangzhou, June 25 (XINHUA) — South China's Guangdong Province destroyed a batch of drugs in the public this afternoon.

The action took place in Dongguan City in front of the Memorial Hall of Lin Zexu, an official in the Qing Dynasty (1644-1911) famous for his harsh measures to crack down on drug abuse and trafficking.

The activity was held on the 156th anniversary of Lin Zexu's destroying drugs in the public here to demonstrate our determination to root out the evil of drugs. Huang Huahua, deputy secretary of the Guangdong Provincial Committee of Chinese Communist Party, said on the scene.

Guangdong started a large-scale anti-drug operation in early May this year. By mid-June, more than 3,000 drug cases have been cracked with 4,000 drug traffickers captured and 300 kg of drugs seized.

During the operation, more than 200 drug dealers turned themselves in and some 2,000 addicts volunteered to quit drug abusing, according to official figures.

Guangzhou Police Seize 159 Kilograms of Heroin
OW2506144695 Beijing XINHUA in English
1407 GMT 25 Jun 95

[FBIS Transcribed Text] Guangzhou, June 25 (XINHUA) — Police in Guangzhou, the capital of south China's Guangdong Province, has cracked the largest drug smuggling case in the province since 1949, capturing 12 drug traffickers and seizing 159.25 kg of heroin.

In a province-wide anti-drug operation, the Haizhu District Police Sub-station in Guangzhou seized a batch of heroin earlier this month.

After 21 days of further investigation with aid from the police of Yunnan Province, the Guangdong police successfully cracked the drug smuggling case manipulated by a drug ring in the Gold Triangle. The drugs were planned to sell overseas via China.

Seized together with the heroin were two vehicles, some mobile telephones and pagers used by the traffickers.

Beihai Set To Become Guangxi's Financial Center
OW2406012795 Beijing XINHUA in English
0044 GMT 24 Jun 95

[FBIS Transcribed Text] Beihai, June 24 (XINHUA) — Four specialized banks, investment and trust corporations, insurance companies, and urban credit cooperatives which have opened offices in Beihai, a port city in south China's Guangxi Zhuang Autonomous Region, are making it into a regional financial center.

The banks that have set up branches in this city are the Industrial and Commercial Bank of China, the Agricultural Bank of China, the Bank of China, and the People's Construction Bank of China, as well as the Bank of Communications.

More than 400 businesses and 62 financial organizations are offering various services in investment, trusts, stock options, credit cards, and other financial transactions.

All the banks are using computers to handle accounts, while a stock trading network linked to the two exchanges in Shenzhen and Shanghai and a system connected with about 400 cities in China are being set up.

In 1994, Beihai provided more than 9.3 billion yuan in loans, while savings rose to some 7.23 billion yuan.

With an active capital market, Beihai has signed contracts worth more than 4.17 million U.S. dollars to set up 1,101 joint ventures in industry, agriculture, and real estate, and foreign trade has gone up to 126.11 million U.S. dollars, leading other ports in the region.

Some foreign banks and consortiums have had their interest piqued and have sent senior executives to inspect the investment environment for themselves.

Guangxi To Help Those Injured by 'Hooligans'

OW2506133895 Beijing XINHUA in English
1244 GMT 25 Jun 95

[FBIS Transcribed Text] Nanning, June 25 (XINHUA)
— A special fund catering to those who had injured or become disabled during fight against hooligans has been established in this capital city of the Guangxi Zhuang Autonomous Region.

Local government has allocated one million yuan as the initial fund. People from all walks of life in the region also donated one million yuan for this fund.

The fund will be used as medical cost, relief funds and rewards.

It is reported that similar funds have been set up in 22 Chinese provinces, autonomous regions and municipalities.

**Reportage on Comments by Taiwan Affairs
Spokesman**

Views Lien's Czech Visit

OW2406114595 Beijing XINHUA Domestic Service
in Chinese 1523 GMT 23 Jun 95

[FBIS Transcribed Text] Beijing, Jun 23 (XINHUA) — In a statement issued today, spokesman for the Taiwan Affairs Office under the State Council pointed out: Following in the footsteps of Li Denghui [Li Teng-hui], who made a "personal visit" to the United States, Lian Zhan [Lien Chan] also went to the Czech Republic and other countries to engage in what was called a "personal visit." Although Lian Zhan and his party dared not publicize their trip, they still cannot conceal their political plot to create "two Chinas" or "one China and one Taiwan."

The spokesman said: Recently the Taiwan authorities have repeatedly explained that their leaders' "personal visits" are not aimed at creating "two Chinas." Although they made this claim, the Taiwan authorities also said they wanted to "let the world know that the Republic of China [ROC] is a sovereign state." If this is not creating "two Chinas", what else can it be? This clearly shows that the Taiwan authorities are attempting to create "two Chinas" or "one China, one Taiwan" through what have been called "personal visits." This cannot be denied.

He pointed out: Adhering to the principle of "One China" is not only the foundation and prerequisite for peaceful reunification of the motherland, but also the basis for a smooth development in relations between the two sides of the Taiwan Strait. Lately, leaders of the Taiwan authorities and foreign anti-China forces have made use of each other in an attempt to bring about "Two Chinas" and "One China, One Taiwan" on the international stage, and this has severely damaged [yan zhong sun hai 0917 6850 2275 1364] the basis for the smooth development of cross-strait ties. The Taiwan authorities must bear all the responsibility for the serious consequences of tensions created in relations between the two sides of the strait.

Speaks on 'Two Chinas' Policy

OW2306165895 Beijing XINHUA in English
1650 GMT 23 Jun 95

["Lien's Visit to Czech Republic — Another Attempt At 'Two Chinas'" — XINHUA headline]

[FBIS Transcribed Text] Beijing, June 23 (XINHUA) — Lien Chan's present "personal visit" to the Czech Republic demonstrates the Taiwan authorities' attempt to create "Two Chinas" though his actions there are not

as unscrupulous as those of Lee Teng-hui [Li Teng-hui] in the U.S.

A spokesman for the Taiwan Affairs Office under the State Council made the statement here today.

He said that the Taiwan authorities repeatedly explained that so-called "personal visits" are not aimed at creating "Two Chinas". If so, why the Taiwan authorities said that they wanted to "let the world know that the Republic of China is a sovereign state," the spokesman added. If this is not creating "two Chinas", what else it can be! he said.

This clearly shows that the "personal visits" are another scheme of "Two Chinas" or "One China, One Taiwan", he pointed out.

He noted that Taiwan's attempt cannot be disguised by calling it a "personal visit".

He said that adhering to the principle of "One China" is not only the foundation and prerequisite for peaceful reunification, but also the base for smooth development in the relations between the two sides of the Taiwan Straits.

But leaders of the Taiwan authorities and foreign anti-China forces made use of each other recently in attempting to bring about "Two Chinas" and "One China, One Taiwan" in the world at large, and this has severely damaged the base for the smooth development of across-strait ties, the spokesman said, stressing that the Taiwan authorities must bear all the responsibilities for the serious consequences caused by the tensions between the two sides of the straits.

Li Teng-hui's Speech at Cornell Analyzed

HK2606032695 Beijing RENMIN RIBAO OVERSEAS
EDITION in Chinese 19 Jun 95 p 5

[Article by Qu Xiangqian (4234 6272 0051): "Li Denghui Has Torn Off His Own Mask"]

[FBIS Translated Text] As a favor from the United States, Li Denghui [Li Teng-hui] arrived at Cornell University, to his heart's content and yet with very complicated emotions, because the "pragmatic diplomacy" at which he has been working for years eventually had enabled him to fulfill his American dream, but only after he had paved the way by spending voluminous amounts of money stained with the blood and sweat of Taiwan people. Nevertheless, that was not at all a very happy experience for him because it was all done through the manipulation of others.

Did the United States and the Taiwan authorities not say that Li's was a "private visit?" However, Li Denghui's

speech at Cornell University tore apart such poor packaging. He began his speech by saying explicitly: "The invitation to visit my old university is not only a personal honor, but more significantly, an honor for the 21 million people of the Republic of China on Taiwan. In fact, my current visit at the invitation of Cornell University is precisely to ascertain the accomplishments scored by the people of our country in national construction through all-out efforts over the past scores of years." In actual fact, we must put it that Li Denghui was pushing his politics in the United States under the pretext of a "private visit."

This speech was not some alumnus talking about the good old days, but sheer political propaganda. In his speech, Li Denghui bragged unblushingly to promote his "Taiwan experience," and to advocate his so-called "democracy and freedom." Regarding this, those who know the truth about Taiwan would not even care to refute his points, but it is worth noting that Li Denghui went to the United States to give prominence to the "existence" of the ROC whenever he could through all-out efforts, and he spoke in no equivocal terms about his idea of "two Chinas" and poured out the sadness in his heart.

He complained about Taiwan's "not being able to gain due diplomatic recognition in the international community; thus, Taiwan's experience has been underestimated in the world. Our people are not happy about the international position we are in today."

"International relations today should not be confined to traditional international law and the official operation of world organizations; in fact, there are many state-to-state activities that still come under 'semigovernmental' and 'non-governmental' restrictions. Nevertheless, we will go all-out to 'challenge the impossible.'"

All these words explicitly expressed his begging the international community to acknowledge the "Republic of China," which has been buried by history since 1949; was that not precisely a brazen pursuit of "two Chinas?" However, history is ruthless to Li Denghui; according to the criteria of international law, it is beyond doubt that Taiwan is a part of China. International organizations and the overwhelming majority of countries recognize only one China, which is precisely the People's Republic of China. Now that Li Denghui is vainly attempting to change such "normal operations," is he not like a brave "ant" that tries to topple a giant tree? "Two Chinas" is incontestably impossible because it violates the basic interests of the majority of the Chinese people, and is not recognized by the international community. Such being the case, Li Denghui gnashed his teeth in hatred, and with a swelled head he yelled that he wanted to go

all-out to "challenge the impossible" in a quixotic way. The reunification of the motherland is an irresistible historical current. Will Li Denghui and his ilk never give up until they are drowned in this current?

Li Denghui's visit to the United States was a serious political incident, which has resulted in damaging Sino-U.S. relations with a retrogression, and it inevitably will obstruct and overshadow cross-strait relations. Obviously, this is what all the Chinese people, including the people in Taiwan, have never wished to see. However, Li Denghui's words and deeds during his visit to the United States have torn his own mast, and enabled the world to have a clear vision of his true face. Within that context, it can be viewed as a fine thing.

For some time past, Li Denghui has been playing tricks, and has sworn repeatedly that he was a Taiwanese as well as a Chinese, that he was for the reunification of the motherland, and that he opposed "Taiwan independence"; in addition, he dished up some kind of program. Nevertheless, people have noted with vigilance that Li Denghui allowed "Taiwan independence" elements to return to Taiwan one after another, under the pretext of "political democratization," in order to set up all sorts of organizations, and they gradually acquired legitimate status. At the same time, he instigated "Taiwan dependence" elements to run rampant in their activities in Taiwan so as to enable them to gain the upper hand. With regard to cross-strait relations, Li Denghui has persisted all along in three prerequisites, and has demanded that the mainland make a commitment to refrain from the use of force, recognize Taiwan's status as a political entity on an equal footing, and allow Taiwan space in international activities. It is clear enough that Li Denghui's policy of separation and divided rule is precisely the pursuit of "two Chinas." In addition, he even stated that he had never said "one China," and that "actually, Taiwan already exists independently as a country. Such being the case, an increasingly greater number of people have come to see that Li Denghui and the "Taiwan independence" elements are actually in the same boat [hu shi lian gu dao shang di che 0008 2508 0357 5140 6670 0006 4104 6508].

However, because of his special position in Taiwan and his being good at using a double face to conceal himself, he would often make a pretext of "reunification" in pursuit of the goal of "Taiwan independence." Perhaps that accounts for some people's delusions concerning Li Denghui for the time being. However, since his talks with Totaro Shiba [si ma liao tai lang 0674 7456 6697 1132 6745], Li Denghui has increasingly dished up a series of fallacies, such as "the father-and-son theory," "operating a large Taiwan, setting up a new China," and "the ROC is a sovereign state," and even has talked such

nonsense as "the CPC has never set foot on Taiwan, nor has it ever levied taxes in Taiwan; how can it insist on Taiwan's being part of the mainland?" and so forth. Now he has been to the United States personally, playing the role of Taiwan's "president, and propagating "the existence of ROC in Taiwan," and his will "to challenge the impossible." Thus, he has totally stripped away the mask he had kept in place on for years, and has exposed his true face of pursuing "two Chinas."

It seems that Li Denghui has made up his mind to go further along the road of splitting the motherland. Perhaps he thinks that he has already saved up certain political capital; that he has already used the power in his hands to get rid of those who hold different views; and that he has the backup of some foreign forces, including the United States; thus he can do things in a big way. Did Li Denghui not stress on several occasions in his speech at Cornell University that "the needs and wishes of my people have been my guiding light?" The greatest need and wish of the Chinese people, including the people in Taiwan, is precisely the reunification of China, its prosperity and power, whereas Li Denghui's words and deeds run precisely counter to the needs and wishes of the people. Should Li Denghui fail to come to his senses promptly and to alter his course, he will be forever humiliated in history and will be guilty of the sin of splitting the motherland!

Li's False Pursuit of Reunification Unmasked

HK2606031895 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 1047 GMT 21 Jun 95

["Special article" by He Chong (6320 3097): "Li Teng-hui Unmasks His False 'Pursuit of Reunification'"]

[FBIS Translated Text] Hong Kong 21 Jun (ZHONGGUO TONGXUN SHE) — In the wake of Li Teng-hui's visit to the United States, Taiwan's censure concerning Li Teng-hui's preaching about "Taiwan independence," and to avoid talking about the potential "crisis" over the Taiwan Strait which Li Teng-hui has created, while boasting of his "harvest" and "accomplishments."

This time, Li Teng-hui no longer covered himself up, and has unmasked his false "pursuit of reunification." His act not only awakened Taiwan compatriots, who long have been fooled, but also served as an eye-opener for all Chinese people to see his true features.

Since Li Teng-hui took office, he has adopted all along a vague political stance and two-faced tactics to deceive the government and the public, and to fool the masses. On the one hand, he presided over the formulation of a "program for national reunification," and announced three stages of communication and cooperation

with the mainland, while painstakingly pushing talks on reunification into the next century in an attempt to put them off so as to seek changes. On the other hand, he stepped up the promotion of a three-step plan for "Taiwan independence", namely, implementation of "constitutional reform," (announcing that the ruling power of the Kuomintang [KMT] would be confined to Taiwan, Penghu, Jinmen, and Mazu); making arrangements for the "direct election of the president" (so as to create a political environment characterized by "the initiatives are in the people's hands"); unfolding "flexible diplomacy" (to strive for the international community's recognition of Taiwan as an "independent political entity"). At the same time, through reorganization on several occasions, Li Teng-hui succeeded in elbowing out senior KMT officials who adhered to the "reunification of China"; ridiculed that "the KMT as an alien regime"; appointed figures with "Taiwan independence" tendencies to take charge of government departments; gave a free hand to the activities of various "Taiwan independence" organizations; and supported the Democratic Progressive Party, which advocates a "Republic of Taiwan," while being ready to incorporate them into his own forces when necessary.

Li Teng-hui has been good at playing politics; consequently, many people in Taiwan had vague ideas about him, and could not tell whether Li belonged to the "reunification school," or the "independence school." Li Teng-hui painstakingly covered up his "Taiwan independence" stance, created a false image of being free from "reunification or independence" in an attempt to win support from both schools. This was precisely Li Teng-hui's greatest political capital.

Now, through a series of performances, Li Teng-hui has revealed his true capacity as "the cardinal founder [zong jiao zu 4920 2403 0031] of Taiwan independence." That may not be a completely bad thing, for it will become negative teaching material on the issue of China's reunification. In his speech at Cornell University, Li Teng-hui mentioned "the ROC is in Taiwan" or "the ROC in Taiwan" on 17 occasions; stressed that "Taiwan is a country with independent sovereignty"; and swore that he wanted to "challenge the impossible," namely, to sever China's territorial sovereignty. That was a sheer "declaration of Taiwan independence."

The betrayal of Li Teng-hui himself as the "cardinal founder of Taiwan independence" gradually has awakened some people. In mid-June, an "association of alumni from various military and police institutes and academies," with mainly officers who were alumni of the Whampoa Military Academy, announced its founding. Attending this meeting were 1,000 participants, including such non-mainstream KMT leaders as Hao Pei-

Tsun, Wego W.K. Chiang, and Hsu Li-nong. The meeting adopted a letter to the alumni which expressed its firm stance for the "reunification of China," and censured "the powers that be" and "a small handful of Taiwan independence and independent Taiwan elements." That document was regarded as "an official call to arms against Li." It was said that in the KMT's "reunification school," there are likely to be more people splitting off from the party to make a clean break with Li Teng-hui's "independence school."

Taiwan observers also have noticed Beijing's reaction, believing that under the circumstances in which the United States has readjusted its policy toward China by supporting "Taiwan independence" and utilizing Taiwan to restrict the mainland, whereas Li Teng-hui is willing to play the role of a U.S. pawn, a matter of great concern is whether the CPC regime would reassess its policy toward Taiwan. In mid-June, KMT vice chairman Lin Hsiang-kang [2651 4382 3262], the nominated "presidential candidate" competing against Li Teng-hui, indicated that to "stir up" "Taiwan independence" and "one China-one Taiwan" was an adventurist action. That was a timely warning.

Taiwan Independence Seen as Unlikely

HK2606053995 Hong Kong WEN WEI PO in Chinese
16 Jun 95 p A 2

["Special article" by WEN WEI PO New York-based special correspondent Kuan Wen-liang (7070 2429 0081): "It Is Difficult for Li Teng-Hui To Fulfill His Dream of 'Independence'"]

[FBIS Translated Text] New York, 15 Jun — Li Teng-hui embraced anti-China politicians in the United States, claiming that he had "broken through" Beijing's diplomatic blockade. Playing the same old tricks, the Clinton administration said it would like to "patch up" relations with Beijing. The anti-China forces in Congress voiced support for Taiwan's entry into the United Nations.... In light of this series of "major moves," will Taiwan be split from the body of China, resulting in "two Chinas," or "one China, one Taiwan?" The writer's view is: No. This is not a subjective will, but an objective outcome resulting from such objective factors as China's internal and external situations, the basis of Sino-U.S. relations, the development trend of cross-strait relations, and the nature of U.S.-Taiwan ties. In the current seemingly complicated environment, there is, however, a fairly clear indication: Counterattacking U.S. hegemonism and strengthening cross-strait ties enable Beijing to free itself from the "China-U.S.-Taiwan" triangular trap designed by Washington, and to promote peaceful reunification as soon as possible.

Taiwan-U.S. Ties Are Weak in Nature

U.S.-Taiwan relations seem to be "increasingly close" and "have been upgraded." However, the immediate interests of the United States do not lie in the Taiwan issue. The White House and the anti-China politicians are using the Taiwan authorities only as a pawn with which to pin down [qian zhi 3677 0455] Beijing. Despite the "economic might" about which Li Teng-hui and others keep bragging, to such a country as the United States this is very limited, like a drop in the ocean. As for the so-called "Taiwan experience," how does it have anything to do with the 250 million people in the United States? It is not even worth mentioning as far as Taiwan's market potential is concerned. To create "two Chinas," the Taiwan authorities in recent years have squandered money and have been actively engaged in lobbying activities. It seemed to have "borne fruit," though in fact, it should be attributed to the anti-China macroclimate in the United States. None of the so-called "positive results" are official legislation, but appeals that have "no binding effect." Li Teng-hui's self-satisfaction with his U.S. visit can hardly conceal the "fragile" nature of Taiwan-U.S. relations.

It is self-inflated, naive, and ignorant for the Taiwan media to claim that the scale of its U.S. lobbying activities is "close to little Israel." A great many countries had been engaged in lobbying in the United States, yet only Israel is a successful example. Israel has achieved success because Jews have their unique national history and experience. Jewish Americans are vast in number, and even have been completely integrated into mainstream U.S. society, where they occupy a prominent position, especially in political and legal, academic, scientific and technological, commercial, and media circles. A more important decisive factor is that during the Cold War, which lasted for 50 years, the Western world, led by the United States, took the Middle East as a very important strategic region (geostrategy and oil resources), and the presence of Israel was precisely the most important pawn with which to undermine Arab unity in the Middle East. Taiwan does not have any of these conditions. Some people believe that tens of million of dollars can "buy off" the U.S. Congress. This is really ridiculous!

Situation Contributes to Counterattacks Against Hegemonism

The pluralism of the international community is the result of the upset of the Cold War balance of power. In the past, the two hegemonist powers — the United States and the Soviet Union — had their own blocs. They contended with each other, making it hard for the medial countries to sleep in peace. During the Cold

War, China was under attack from both sides for a long time. Owing to the "China-U.S.-Soviet" triangular relations, there were times when China survived in a special international environment and proceeded cautiously in difficult circumstances. In the 1990's, however, the international community has been increasingly pluralistic. This benefits China, which has a population of 1.2 billion, on the diplomatic front. In the summer of 1989, the United States took the lead in instigating the Western countries to impose sanctions and blockades on China. Yet, it took Beijing only two years to break through the sanctions and blockades, and to establish unprecedentedly good relations with its neighboring states and the countries of the Middle East.... All these facts illustrate, first, that China's overall strength has been enhanced significantly, and second, that the era in which hegemonism could do as it pleased has passed.

Beijing neither saw any reason nor found it necessary to confront Washington on every international issue. In certain international affairs, however, and in a corner of the international arena, Beijing's foreign policy — which maintains independence, keeps the initiative in its own hands, and stresses the interests of Chinese people and the people of the world — can cooperate with the just forces to engage in international contention and struggle, and to counterattack hegemonism.

The peaceful environment in the west Pacific not only benefits economic development there, but also weakens the influence of hegemonism and its right to speak. Beijing has unfolded its all-position diplomacy in the Middle East, including Israel, which also has added strategic bargaining chips to a combination of diplomacy, trade, and economy. Owing to the nationality and religion issues, the political situation in south Asia, where U.S. influence has always failed to reach, seemed chaotic.... An Asian diplomat in the United Nations pointed out that "as hegemonism extends its hand everywhere, its fingers eventually will get chopped."

Beijing Takes the Initiative in Cross-Strait Relations

The people on the two sides of the Taiwan Strait have broken the impasses of having no contact in the past decades. The rapid development of their exchanges in the trade, economic, and cultural areas has created a very important condition for freeing Beijing from being pinned down by the "China-U.S.-Taiwan" triangle. Except for "Taiwan independence" elements, Taiwan people from all walks of life acknowledge or tacitly approve that Taiwan's future and the way out for its economy undeniably lie with China. This trend has become increasingly obvious.

Given that Taiwan's area, population, natural resources, and overall strength are not proportional to the main-

land's, the final initiative in cross-strait relations — ranging from contacts, exchanges, and development — must be in the hands of Beijing. Li Teng-hui and the Taiwan officials know it well. This is precisely a fundamental reason why he is willing to go begging to foreigners, at the risk of universal condemnation, in an attempt to put off the great cause of national reunification. At a seminar held a few weeks ago, a Taiwanese scholar said that "judging from the current progress in cross-strait relations, the initiative gradually will be in the hands of Beijing." He believed that Beijing has the necessary conditions to extricate itself from being pinned down in the "China-U.S.-Taiwan" triangle.

A Chinese-American political scholar made it clear: Both Washington and Beijing need Sino-U.S. relations, which are determined by their respective national interests and by the international situation. U.S.-Taiwan ties are very weak in nature, while the trend of development in cross-strait relations has been fixed. To counterattack hegemonism at this time can free Beijing from being pinned down by Washington in the "China-U.S.-Taiwan" triangle. He is of the view that Li Teng-hui and "Taiwan independence" rely on the anti-China forces in the United States, and that counterattacking hegemonism in a timely and rational manner, while curbing the growth of the anti-China forces, will contribute to the achievement of early, peaceful reunification.

Economic Links With Taiwan Developing Smoothly

HK2506075495 *Beijing CHINA DAILY (BUSINESS WEEKLY) in English* 25 Jun-1 Jul 95 p 1

[By Xiao Hong: "Taiwan Links Develop Smoothly"]

[FBIS Transcribed Text] Economic links across the Taiwan straits are developing smoothly but more efforts are needed to forge a brighter future, officials and experts told *Business Weekly*.

During the first quarter of this year, trade volume between China's mainland and Taiwan grew 30.2 per cent from the same period of 1994, said Wang Hui of China's Ministry of Foreign Trade and Economic Cooperation (Moftec).

The number of Taiwan-invested projects dropped during the period, "but practical capital has increased compared with the corresponding period of last year," he said.

Wang called the present momentum in cross-Straits economic contacts "fine" and predicted rosy development.

Pan Yiming, in charge of Taiwan-related affairs for the China Council for the Promotion of International Trade (CCPIT), said Taiwan investment in China's mainland has exhibited some favourable trends.

These include the participation of more large Taiwan enterprises and a better investment structure, Pan said.

According to Moftec sources, an increasing number of Taiwan investments are focusing on capital- and high technology-intensive projects instead of labour-intensive ones, while a significant proportion of Taiwan capital has moved from real estate to energy, transportation, machinery, and petrochemicals sectors.

In February of this year, Taiwan approved 16 investment plans on China's mainland with a total investment of \$44.8 million.

Pan said better direct business, communications and transportation links are needed and are in strong demand by Taiwanese entrepreneurs.

"For this, the Taiwan authorities need to take a long-term view. Developed economic contacts are of mutual benefit."

Pan also said the Taiwan authorities should show more leniency in approving large Taiwan investments in the mainland and should allow mainland investors to enter Taiwan.

Turning to trade he said: "We think Taiwan should open wider to mainland-produced commodities."

At present, Taiwan enterprises are permitted to import only specific raw materials and semifinished products from the mainland. Recently, Taiwan authorities announced a decision to import more semi-finished products from the Chinese mainland.

Despite clashes, Pan said, trade and economic ties have witnessed enhancement over the past years.

Last year, indirect trade volume between Taiwan and the Chinese mainland totalled \$16.43 billion, making Taiwan the fourth-largest trade partner of the Chinese mainland.

By the end of last year, the number of projects involving Taiwan investors surpassed 27,400, with actual capital reaching \$8.6 billion, ranking Taiwan second in overseas investment in the mainland.

During the June 30-July 8 period, a Taiwan delegation consisting of more than 30 entrepreneurs will visit Sichuan and Hunan provinces.

The delegation, co-organized by the Taiwan-based Chinese Commercial and Industrial Coordination Society and CCPIT will negotiate with local entrepreneurs on trade, co-operation and joint venture projects.

**Reportage Covers Taiwan-U.S. Economic Talks
Talks 'Very Constructive'**

OW2306111695 Taipei CNA in English
1007 GMT 23 Jun 95

[By Y.C. Pan and Sofia Wu]

[FBIS Transcribed Text] Washington, June 22 (CNA) — The first sub-cabinet economic dialogue between the Republic of China [ROC] on Taiwan and the United States ended here Thursday, with both sides pledging to strengthen commercial ties.

The one-day dialogue, held in accordance with recommendations of a Taiwan policy review unveiled by the Clinton administration last September, was the highest-level meeting between the two countries since Washington switched recognition to Beijing 16 years ago.

ROC Vice Economic Affairs Minister Sheu Ke-sheng, who represented Taiwan in the dialogue, told a news conference that the meeting was "very meaningful" and "very constructive."

"The meeting has enabled officials from both sides to exchange views on global, regional and bilateral economic and trade issues in an amicable, pleasurable atmosphere," Sheu noted.

In the past, Sheu said, Taiwan and the US met to negotiate or consult only when bilateral trade disputes or problems arose. "The sub-cabinet dialogue is neither negotiations nor consultations, but for exchange of views and ideas on macroeconomic issues," he added.

ROC representative to the US Benjamin Lu said the dialogue marks a new milestone in Taiwan-US relations. "It will be very helpful for promoting further exchanges in various fields between our two countries," he observed.

Lawrence H. Summers, undersecretary of treasury for international affairs and chief US delegate to the talks, said the dialogue signified the Clinton administration's determination to improve ties with the ROC in accordance with its Taiwan policy review unveiled last September.

"The dialogue provides an institutionalized communications channel for our two countries," said Summers, who will soon be promoted to the post of deputy secretary of treasury.

During the meeting, the ROC delegation briefed the American delegates on Taiwan's regional business hub development plan, financial liberalization and relaxation of foreign exchange controls. It also asked the US to lift trade sanctions on Taiwan over its alleged failure to eliminate illicit wildlife trade, drop Taiwan from the intellectual property rights-related Special 301 "Watch

List" and agree to Taiwan's planned cancellation of a computer software export examination system, which has been in place for more than one year at the request of the US.

For its part, the US delegation briefed Taiwan officials on major conclusions reached in the just-concluded G-7 summit, progress in trade liberalization in the Asia-Pacific Economic Cooperation forum countries and a review of the implementation of the ROC-US trade and investment framework agreement signed last year. American officials also urged Taiwan to accelerate opening of its financial service market, lower tariff rates on 480 industrial and agricultural products and complete legislation of business secrets and integrated-circuit layout protection laws as soon as possible.

Both sides agreed that the next sub-cabinet dialogue will be held in Taipei in 1996. The itinerary and agenda for next year's meeting will be decided later.

American officials present at the dialogue included Robert Cassidy, assistant trade representative in charge of Asia-Pacific affairs; Nancy Adams, assistant trade representative in charge of Asia-Pacific Economic Cooperation forum affairs; Charles Meissner, assistance secretary of commerce in charge of international economic policy; and Joanna R. Shelton, deputy assistant secretary of state in charge of trade and commerce affairs.

In addition to Sheu and Benjamin Lu, other ROC delegates included Vice Finance Minister Wang Cheng-yi; Hsueh Chi, vice chairman of the Council for Economic Planning and Development; Tu Chu-sheng, director of the Foreign Ministry's North American Affairs Department; and Chang Pao-hsi, director of the Central Bank of China's Foreign Exchange Department.

On Friday, Sheu and assistant US Trade Representative Dorothy Dwosky will co-chair a new round of bilateral talks on Taiwan's terms to join the World Trade Organization (WTO), which superseded the General Agreement on Tariffs and Trade (GATT).

The talks will focus on alcohol and tobacco trade issues, tariff reductions for agricultural products and removal of non-tariff trade barriers.

Taiwan and the US have held many rounds of bilateral negotiations on Taiwan's WTO entry terms, but have not yet reached a final agreement. Taiwan hopes to become a full WTO member by the end of this year.

Talks End 'Without Result'

OW2406103595 Taipei CNA in English
0931 GMT 24 Jun 95

[By Y.C. Pan and Benjamin Yeh]

[FBIS Transcribed Text] Washington, June 23 (CNA) — The consultations held in Washington between the United States and the Republic of China [ROC] under the framework of the World Trade Organization (WTO) ended without result Thursday [22 June].

Vice Economic Affairs Minister Sheu Ke-sheng, chief Taiwan negotiator, said at the close of the consultations that "the overall national interest must be weighed or the talks would have ended in three minutes."

Both sides spent considerable time exchanging views on Taiwan's agricultural imports and changes to its decades-old tobacco and alcohol monopoly system. Sheu said the American negotiators had expressed concerns over whether the system can be altered before Taiwan is admitted to the WTO.

The date and venue for the next round of ROC-US consultations have not yet been set.

Taiwan applied to join General Agreement on Tariffs and Trade, the predecessor of WTO, in 1990 and hopes to become a full member in the world trade regulatory body this year.

Media Cover Qian's 'Seven Point Plan'**Treatment 'Unacceptable'**

OW2306120095 Taipei CNA in English
1036 GMT 23 Jun 95

[By Sofia Wu]

[FBIS Transcribed Text] Taipei, June 23 (CNA) — No one in Taiwan can accept Beijing's attempt to Hong Kongize [as received] Taiwan, Foreign Affairs Minister Fu Chien said Friday.

Chien was commenting on Beijing's newly announced seven-point statement on post-1997 Taiwan-Hong Kong ties.

Noting that the seven-point statement issued by Mainland Chinese Foreign Minister Qian Qichen on June 22 only reaffirmed Beijing's constant stance on the issue, Chien said the statement was cliché and did not contain any new ideas or concepts.

He further pointed out that Qian's statement reflected Beijing's intention to "Hong Kongize" Taiwan by restricting Taiwan's presence in Hong Kong after 1997 when the British colony reverts to Chinese Communist rule.

"Such an attempt is, however, unacceptable to any of the 21 million people living in Taiwan, Penghu, Kinmen and Mats now under the Republic of China government's jurisdiction," Chien stressed.

Speaking at a news briefing on his just-concluded 10-day US speech tour, Chien said the ROC is a sovereign state and has existed for 84 years. "This is the hard reality that nobody can deny or ignore," he said, adding Beijing's attempt to isolate Taiwan on the international stage is unrealistic and futile.

Chien said President Li Teng-hui's recent visit to the United States and Premier Lien Chan's trip to Europe have highlighted the need for Taiwan to "walk into the world."

"Such visits mainly aim to strengthen our substantive ties and cooperation with their countries, and have never been intended to create 'two Chinas' or 'one China, one Taiwan,'" Chien explained.

Beijing's accusation that Li's visit to his alma mater, Cornell University in Ithaca, New York, was aimed at creating "two Chinas" is illogical. "All Americans agree it's a matter of course for Li to return to his alma mater for an annual alumni reunion."

On Lien's European tour, which took him to Austria, Hungary and the Czech Republic, Chien said the premier has done what he should do in a pragmatic, low-profile manner.

Chien said the ROC should continue its pragmatic diplomacy to upgrade its international profile and win world recognition. "Expanding our external relations and forging rapprochement with the mainland can be complemented with each other and should be given equal emphasis," he added.

As Mainland China is a permanent member of the United Nations Security Council and maintains close ties with many Third World countries, Chien said, "We can not expect to satisfactorily expand our diplomatic horizons overnight, but, if we make contained efforts, we'll reach our goal someday."

Chien left for the US on June 11 for a speech tour. He spoke on Taiwan's economic and political development and its role in the Asia-Pacific at the Union League Club in Chicago, the annual world forum sponsored by the American Enterprise Institute in color and a meeting of the World Affairs Association in Orange County in California.

More on Plan

HK2406050695 Hong Kong EASTERN EXPRESS
in English 24 Jun 95 p 7

[By Didi Tatlow]

[FBIS Transcribed Text] Beijing's newly announced seven-point plan on post-1997 Taiwan represents a toughening of its stance on the sensitive issue, Taiwan sources and independent commentators said yesterday. "You can see the shadow of Article 23 of the Basic Law in this very clearly," the political commentator, Byron Weng, said.

Article 23 outlaws "any act of... subversion against the Central People's Government" and prohibits "foreign political organisations or bodies from conducting political activities" in Hong Kong after 1997. Unless significant modifications were secured through negotiation, Beijing's current position would make Taiwan's future activities in Hong Kong "very difficult", Weng warned.

The points laid out by the Chinese Foreign Minister, Qian Qichen, were "tighter" than previous statements on the issue, the professor of political studies at the Chinese University of Hong Kong said. Qian's counterpart in Taipei, Fredrick Chien, rejected Beijing's unilateral announcement as "unacceptable" to the people of Taiwan. The statement was an attempt to "Hong Kongize" Taiwan by restricting its presence in the territory after 1997, Chien said.

Observers stressed yesterday there was an important "sting in the tail" in Qian's announcement from Beijing. His last point made explicit reference to the business registration of Taiwan offices in Hong Kong. It emphasised that Taiwan organisations "are not allowed to undertake activities... which are not compatible with the nature as stated in their original registration in the territory". This was interpreted as a thinly veiled attack on Taiwan's de facto embassy in Hong Kong, the Chung Hwa Travel Service.

"We know how a government can use that kind of statement," Weng warned. "We have seen China use this kind of thing against Hong Kong in the past time and again," he said. He said journalists from Hong Kong had been expelled, jailed or otherwise intimidated for deviations from the tightly defined parameters of their activities when covering news stories in China.

In particular, Weng drew attention to an alleged contradiction in Qian's statement, which required that "official contacts [between Taiwan and Hong Kong] . . . have to obtain prior approval from Beijing central government". "China has said this [post 1997 Taiwan-Hong Kong relations] is not foreign affairs, it is strictly domestic affairs, and yet it is to be Beijing's concern," Weng said.

"Guangdong does not need to go through Beijing every time it talks to Hong Kong. So why should Taiwan?" The Director of Chung Hwa, Joseph Cheng, in an immediate response to Qian's statement, said that if Beijing did not want Taiwan representation in Hong Kong after 1997, they would leave. "Qian has said before that we can stay, and this time he has not said we cannot stay. But if they do not want us to stay, we will leave," Cheng added. However Chung Hwa, he said, remained committed to providing a practical and apolitical service to the people of Hong Kong.

Information Bureau Chief Chang To Visit Island

OW2506170695 Taipei CHUNG-KUO SHIH-PAO
in Chinese 22 Jun 95 p 4

[FBIS Translated Text] At the invitation of a Taiwan news agency, Information Bureau Director Chang Ming-ching [Zhang Mingqing] of Mainland China's Taiwan Affairs Office [TAO] under the State Council is scheduled to arrive in Taiwan for a 10-day visit on 23 June. Kuo Jui [Guo Rui], new director of the CHINA NEWS SERVICE is to head the mainland delegation.

This mainland press delegation, which is about to visit Taiwan, plans to visit the Straits Exchange Foundation [SEF] and to conduct exchanges in the field of journalism in Taiwan. In addition, it will visit Taiwan's central area. Chang Ming-ching is expected to be the highest-ranking TAO official to visit Taiwan. In the past, section chiefs from the TAO's Information Bureau have visited Taiwan.

Chang Ming-ching, who used to be a reporter for JEN-MIN JIH-PAO [RENMIN RIBAO] based in Fuchien [Fujian], has had 20 years' experience in covering news and is quite familiar with the Taiwan issue. Two years ago, he became director of the TAO's Information Bureau to take charge of matters related to cross-strait press exchanges. Chang Ming-ching's visit manifests that Mainland China seems to have no intention of terminating cross-strait cultural and educational exchanges, after it postponed the Ku-Wang talks.

Island's Reporters May Not Be Based in Mainland

OW2506170795 Taipei LIEN-HO PAO in Chinese
22 Jun 95 p 2

[FBIS Translated Text] Straits Exchange Foundation [SEF] Deputy Secretary General Li Ching-ping, who just returned from a visit to the mainland, said yesterday although Mainland China unilaterally postponed the second Ku-Wang Talks, mainland officials, he met with during the visit, from the Taiwan Affairs Offices in various localities and the Association for Relations

Across the Taiwan Straits [ARATS], all agreed to continue cross-strait communications as it is conducive to easing tensions between the two sides. He said this is a mature concept developed from both sides' experiences in cross-strait exchanges over the past years.

Li Ching-ping said during his visit to the mainland, he exchanged views with ARATS Executive Vice Chairman Tang Shu-pei [Tang Shubei] on allowing Taiwan reporters to be based in the mainland. Tang Shu-pei told him that Mainland China has reservations about this issue because of unstable cross-strait relations. Tang said Mainland China is worried that development of cross-strait relations will be affected if Taiwan reporters break rules in the mainland. Li Ching-ping pointed out that Tang Shu-pei's remarks merit our attention as they represent a new excuse made by the mainland authorities.

Mainland Media Delegation Visits Taiwan

*OW2406022695 Taipei CNA in English
0113 GMT 24 Jun 95*

[By Benjamin Yeh]

[FBIS Transcribed Text] Taipei, June 23 (CNA) — A 10-member senior Mainland Chinese media delegation arrived in Taiwan on Friday for an eight-day visit at the invitation of CNA, despite tensions across the Taiwan Strait.

The most prominent member of the group is Zhang Mingqing, director of the Information Department of the Taiwan Affairs Office under Mainland China's State Council.

Zhang, an adviser to the delegation, is the highest-level mainland official to visit Taiwan since the ROC Government opened its door to mainland officials in charge of Taiwan affairs last year.

The group's visit comes only a few days after Beijing unilaterally announced the postponement of high-level private talks between Taiwan and Mainland China to show its displeasure over the recent US trip by President Li Teng-hui and European visit by Premier Lien Chan. All four countries Li and Lien visited maintain official diplomatic links with Beijing.

Zhang is the former head of the Fujian branch of the PEOPLE'S DAILY [RENMIN RIBAO].

The mainland media group is being led by Guo Rui, president of the Beijing-based CHINA NEWS SERVICE [XINHUA SHE]. Guo had also served as a department chief at the State Council's Overseas Chinese Affairs Office.

Other members of the delegation include senior executives and reporters from the LIBERATION DAILY [JIEFANG RIBAO], the PEOPLE'S DAILY, and several other mainland newspapers.

On hand to welcome the mainland group was Chang Jung-kung, CNA's deputy editor-in-chief.

During their stay, the group will call at Taiwan's major news outlets and at the Straits Exchange Foundation, the semi-official intermediary body formed to handle private exchanges between Taiwan and the mainland.

SEF Asks ARATS To Confirm Visit

*OW2406022595 Taipei CNA in English
0119 GMT 24 Jun 95*

[By Flor Wang]

[FBIS Transcribed Text] Taipei, June 23 (CNA) — The Taipei-based Straits Exchange Foundation (SEF) on Friday asked Mainland China's Association for Relations Across the Taiwan Strait [ARATS] to confirm the specific date of an upcoming visit by an ARATS cultural-promotion delegation to Taiwan.

Although it is still unclear whether the ARATS delegation will come for the planned five-day visit, given Mainland China's unilateral decision to postpone the second round of talks between Ku Chen-fu and Wang Daohan, the respective chairmen of the SEF and ARATS, the SEF in principle has planned unofficial meetings between ARATS delegates and officials from the Government Information Office, the Mainland Affairs Council, the Council for Cultural Planning and Development, and the Education Ministry. The meetings will take place outside of government offices.

In addition, the SEF also has arranged for the ARATS delegation to visit the Hsinchu science-based industrial park, the National Palace Museum, National Taiwan University, National Tsing Hua University, and Kenting National Park.

SEF and ARATS officials decided late last month in Taipei during the first preparatory meeting for the Second Ku-Wang talks that the two sides should further strengthen cultural and educational exchanges.

An SEF cultural-promotion delegation, led by Deputy Secretary-General C. P. Li, visited Mainland China June 11-20. During their stay there, SEF delegates called at Beijing's Ministry of Culture, State Education Commission, and Press and Publication Administration, as well as high schools and colleges in Beijing, Jinan, Shanghai, Fuzhou, and Shenzhen.

Agricultural Group Arrives for 10-Day Visit

OW2306121395 Taipei CNA in English
1045 GMT 23 Jun 95

[By Lilian Wu]

[FBIS Transcribed Text] Taipei, June 23 (CNA) — A delegation of agriculture and fisheries experts from Mainland China arrived in Kaohsiung Friday for a 10-day visit. The delegation, led by Lu [name indistinct], president of South China Agricultural University, was invited by the agricultural department of National Chungshing University.

A university official said it hopes that bilateral visits will help promote cross-Taiwan Strait agricultural production and processed produce marketing cooperation.

This will be the first group of mainland agricultural experts to visit Taiwan since President Li Teng-hui said in April that Taiwan would like to help Mainland China to upgrade its agricultural productivity.

Hong Kong To Remain Springboard for Investments

OW2406021595 Taipei CNA in English
0138 GMT 24 Jun 95

[By Benjamin Yeh]

[FBIS Transcribed Text] Taipei, June 23 (CNA) — Economic Affairs Minister P. K. Chiang said Friday that Hong Kong would continue to serve as the main base for Taiwan's mainland-bound investments after the British colony reverts to Mainland China rule in 1997.

"Helping sustain the stability and prosperity of Hong Kong is to conform with the government's established policy," Chiang said, adding that the Taiwan-invested enterprises in Hong Kong will receive more government assistance in the future.

Under Taiwan law, which bars direct investment in Mainland China, Taiwan enterprises are required to make investments across the Taiwan strait via a third place. Of the more than 20,000 Taiwan-invested businesses in the mainland, a great majority of them do business through Hong Kong.

In addition, Chiang pointed out, Hong Kong is also emerging as the main transshipment base in the huge amount of trade done between the two sides of the Taiwan strait.

Taiwan sold US\$21.2 billion worth of products to Hong Kong in 1994, and a big chunk of the shipments were reshipped to the mainland. During the first five months of this year, the value of trade with Hong Kong increased a whopping 31 percent over the same period

last year, and the figure for the year is expected to top US\$26 billion.

Chiang's remarks came one day after Mainland Chinese Foreign Minister Qian Qichen spelled out for the first time Beijing's guidelines for Hong Kong-Taiwan relations after the handover of the British colony.

The ROC [Republic of China] Government has yet to formally respond to the Beijing guidelines. Ranking government officials have repeatedly said that the ROC Government, which has de facto government offices there, will not pull out of Hong Kong.

The Mainland Affairs Council, which drafts the government's policy toward Mainland China, will convene a meeting soon to work out countermeasures.

Legislature Approves Lower Tariffs

OW2406015995 Taipei CNA in English
0143 GMT 24 Jun 95

[By Y.C. Tsai]

[FBIS Transcribed Text] Taipei, June 23 (CNA) — An amendment to the law governing customs duties on Friday passed the Legislative Yuan following a third reading, lowering Taiwan's effective tariffs to an average of 4.69 percent.

Domestic sources said the move brought Taiwan a step closer in its bids to join the World Trade Organization (WTO) and to build itself into an Asia-Pacific business-operations center.

The WTO, which superseded the General Agreement on Tariffs and Trade (GATT) earlier this year, regulates global trade and advocates lower tariffs and the removal of trade barriers.

The sources said the tariff reductions would help Taiwan in getting more multinational corporations to establish their Asia-Pacific operations hubs in Taiwan.

As the lower tariffs apply to 758 items, including farm produce, industrial materials and consumer products, domestic consumers are expected to enjoy lower costs on a wide range of imports, including meats, vegetables, chocolates and cosmetics, the sources pointed out.

The tariff reductions will cost the government an estimated NT [new Taiwan] \$2.5 billion (US\$96.89 million) annually, they added.

The lower tariffs will only benefit those countries having entered into reciprocal customs-duties agreements with Taiwan, they said.

Minister To Meet Central American Counterparts*OW2406105795 Taipei CNA in English
1016 GMT 24 Jun 95**[By Huang Kuan-chun and Sofia Wu]*

[FBIS Transcribed Text] Panama City, June 23 (CNA) — Foreign ministers from the Republic of China [ROC] on Taiwan and seven Central American countries will meet in Guatemala July 18-19 to discuss possible bilateral and multilateral cooperative projects, according to a news release issued by the Panamanian Foreign ministry on Friday.

This will be the fourth annual meeting of the ROC-Central America mixed commission formed in 1991 to promote bilateral and multilateral cooperation between the ROC and seven Central American countries — Costa Rica, El Salvador, Honduras, Guatemala, Nicaragua, Panama And the Dominican Republic.

The mixed commission held its first meeting in Taipei in 1992 and then met once a year alternately in Taipei and a specified central American country.

Panama will call for support of social and economic integration of Central American countries and ROC assistance to the modernization of foreign ministry operations in Central American countries, particularly diplomat training, according to Panamanian government sources.

Other sources said another major topic to be discussed will be how to support the ROC's bid to join the United Nations. Last year, more than 10 ROC allies, including many Central American nations, sent a joint letter to UN Secretary-general Butrus Butrus-Ghali urging him to form a special panel to study methods for ROC participation in the world body.

Education Minister Urges Exchanges With Czechs*OW2406022095 Taipei CNA in English
0131 GMT 24 Jun 95**[By Flor Wang]*

[FBIS Transcribed Text] Taipei, June 23 (CNA) — Education Minister Kuo Wei-fan revealed on Friday that some cooperative ventures between the Republic of China [ROC] and the Czech Republic will materialize following Premier Lien Chan's three-day visit to that country.

Kuo, who accompanied Lien during his weeklong visit to Austria, Hungary and the Czech Republic, generally agreed to opinions of local academics on the value of the trip, saying that apart from academic exchanges, a wide range of bilateral ROC-Czech relations should be further upgraded.

However, Kuo remained reserved about the possible visit to Taiwan by Czech President Vaclav Havel and the Czech education minister, noting that these questions could be better answered by Premier Lien.

On academic exchanges, Kuo said his ministry will continue to promote two-way cooperation between Taiwan and Czech universities and added that a National Taiwan University [NTU] delegation, led by NTU President Chen Wei-jao, will soon visit the Czech Republic at the invitation of Charles University in Prague. The two universities recently signed a cooperation pact, according to Kuo.

Taiwan has been maintaining close academic exchanges with foreign universities, Kuo said, noting that an average of 50 foreign scholars, including Nobel Prize laureates and university rectors, pay visits to Taiwan every year at the invitation of his ministry. Rectors of world-renowned Vienna University, Cornell University and Edinburgh University all have already visited here, he added.

Japanese Firms To Open Joint Venture Plant*OW2406110395 Taipei CNA in English
0927 GMT 24 Jun 95**[By Benjamin Yeh]*

[FBIS Transcribed Text] Taipei, June 23 (CNA) — Isuzu co. and Japan's largest trading company, Itochu, are planning a joint venture with Taiwan's Sanfu Motors Industrial Co. to tap the local commercial van market, a business newspaper said Saturday [24 June].

"A new car company called Isuzu Taiwan will be set up soon," Sanfu Chairman Li Shui-tu was quoted as saying by the Taipei-based ECONOMIC DAILY NEWS. Li added that the company has registered with the Ministry of Economic Affairs for the joint venture.

Capitalized at NT\$500 million (US\$19.38 million), the joint venture will be 51 percent owned by Isuzu, 30 percent by Sanfu and 19 percent by Itochu. The posts of both chairman and president will be named by Isuzu.

The new company, Li said, will commission Sanfu to assemble 2,000 c.c. "Panther" vans, initially at 10,000-12,000 units a year.

Li did not say why he wants to cooperate with the Japanese car maker, but sources said the joint venture marks a significant shift in Sanfu's policy. Taiwan motorists have a penchant for Japanese cars, and of the 11 local carmakers on the island, seven are licensed to assemble Japan-developed motors.

Sanfu, currently authorized to assemble renault cars for sale in Taiwan, reported a loss of NT\$1.2 billion (US\$46.5 million) last year.

The proposed joint venture is reportedly opposed by Industrial Development Bureau (IDB) officials, who have insisted that Taiwan's carmakers be merged so as to enhance the utilization rates of their production facilities if they are to survive mounting competition. No IDB officials were available to comment on the joint venture report.

Yet Li said the government has no reason to oppose the joint venture on the grounds that it aims to enhance the ratio of Sanfu's existing production facilities but not to build a new car factory.

Li pointed out that Isuzu only wants to make vans here on an original equipment manufacturing basis contract,

similar to the way General Motors has commissioned the Chinese automobile co. To assemble Opel's Astra passenger cars. "Government officials should not have double standards," Li emphasized.

Moreover, Li added, the vans and parts manufactured by Sanfu may also be sold abroad through Itochu, Japan's most powerful trading firm.

Sources said Isuzu has already sent a team of 20 paint and car assembly technicians to the Sanfu plant in Taichung, central Taiwan.

The Panther was recently developed by Isuzu for the fast-growing Asian market. In addition to Taiwan, the van is assembled in Indonesia for sale there.

Hong Kong

Coverage of Qian Qichen's Hong Kong Statements

Qian To Set Keynote

HK2306151295 Hong Kong HSIN PAO (HONG KONG ECONOMIC JOURNAL) in Chinese
22 Jun 95 P 7

[Report by Lin Ai-chun (2651 5676 4783) in Beijing: "At PWC Meeting, Qian Qichen Is Expected To Set Keynote for Sino-British Cooperation"]

[FBIS Translated Excerpt] The fifth plenary session of the Preliminary Working Committee [PWC] is to be held today. This will be the first time since the establishment of the PWC in 1993 that the meeting is being held under a situation whereby Sino-British relations are quite harmonious. In his opening speech today, PWC Chairman Qian Qichen is expected to set the keynote for the latest Sino-British relations and the direction for work in the transitional period.

Zhao Jihua, Chinese chief representative at the Sino-British Joint Liaison Group [JLG] and member of the PWC, told this reporter that the accord on the Court of Final Appeal [CFA] reached between China and Britain is of special significance, indicating an improvement in the cooperative atmosphere as a whole. However, he stressed that we cannot expect, as a result of this, that every transitional problem can be resolved like the CFA issue.

On many occasions after the signing of the CFA agreement, Hong Kong Governor Chris Patten and Acting Chief Secretary Leung Man-kin expressed their hope that transitional issues such as legal adaptability and a mandatory privately run provident fund can be resolved according to the CFA pattern. Zhao Jihua, however, said that as every transitional issue is unique, it is difficult to tackle it in the same manner. He added that China also hopes to solve the rest of the transitional issues in the cooperative spirit of the CFA agreement.

Commenting on Sino-British ties in the future, Zhao Jihua said that the atmosphere of Sino-British cooperation has improved now. However, whether both sides can cooperate sincerely still depends on the development of the situation. He cited, by way of example, the problem of the mandatory privately run provident fund issue. China has expressed dissatisfaction with Britain for the British lack of sincerity for negotiation, and has made it clear that the Chinese side will not bear responsibility for any unilateral action taken by the British side. For this reason, he said that future Sino-British cooperation cannot be treated in the same way. However, he agreed that Foreign Minister Qian Qichen's UK visit in

October can be said to be a new stage in Sino-British relations. As for the outcome of this visit, he said it is difficult to draw inferences.

On the question of resolving the CFA issue, China took the initiative to raise a basket of proposals, on the basis of which an accord finally was reached. It changed the past situation whereby Britain took the initiative in the work of the JLG, with China responding passively. Asked if China will more actively seek the resolution of other issues in the transition period, Zhao Jihua said that in a sense, it can be said so because it is necessary to seek appropriate solutions to many problems after the establishment of the Preparatory Committee.

However, he emphasized that the Chinese Government currently has no administrative status in Hong Kong. As such, on some issues such as the pension scheme, China cannot conduct a great deal of social and economic research, or suggest concrete methods. All it can do is give a principled opinion and make every effort to consult Hong Kong people. [passage omitted]

Addresses PWC Meeting

OW2206142295 Beijing XINHUA Domestic Service
in Chinese 1022 GMT 22 Jun 95

[By reporters Duanmu Laidi (4551 2606 0171 1229) and Fang Jin (2455 3866)]

[FBIS Translated Text] Beijing, 22 Jun (XINHUA) — The fifth plenary meeting of the Preliminary Working Committee [PWC] of the Preparatory Committee for the Hong Kong Special Administrative Region [SAR] opened at the Great Hall of the People today.

Qian Qichen, State Council vice premier and PWC chairman, delivered an opening speech. Lu Ping, vice chairman and concurrently secretary general of the PWC, explained arrangements for the fifth plenary meeting agenda.

Qian Qichen began his speech by reviewing the PWC's work in the past six months. He said: The PWC has continued to push forward its work in various fields, and its special groups have done a great deal of work. Especially in April and May, the five special groups successively visited Hong Kong to attend meetings and to hold consultations, winning universal approval and praises from the people in various circles in Hong Kong. In this way, the special groups stepped up the publicity of the Basic Law, demonstrated the Chinese Government's determination to maintain and strengthen Hong Kong's position as an international financial center, and helped enhance the confidence among the local people and foreign investors in Hong Kong. He said: The facts have proved that so long as the

PWC sees eye to eye with the people of Hong Kong, maintains close contacts with them, listens extensively to opinions and suggestions from people in various circles in Hong Kong, and briefs them as much as possible on the PWC's work as well as stand and views on a number of major issues, we will be able to obtain full understanding and support from the masses of people in Hong Kong. In the future, we will further implement the principle of "gearing the PWC's work to the needs of the people of Hong Kong and relying on the people of Hong Kong" in continuing to do our job well.

Qian Qichen discussed, in particular, the agreement reached between the Chinese and British Governments on Hong Kong's Court of Final Appeal. He said: This is an event of positive significance for both Sino-British cooperation on the Hong Kong question as well as relations between the two countries; and this encompasses the fruitful results of the PWC's work. He said: The question of the Court of Final Appeal was a focus of attention in various circles in Hong Kong. By discussing and putting forth in time an eight-point opinion of principles for organizing the establishment of the SAR's Court of Final Appeal, the PWC's Political Affairs Group showed that regardless of whether the Sino-British negotiations could produce an agreement on Hong Kong's Court of Final Appeal, the Chinese Government was determined and capable of establishing the Court of Final Appeal at the same time as the SAR would be established to ensure a complete independent, complete judicial system for the SAR from its inception. As the eight-point opinion conforms with the provisions in the Joint Declaration and the Basic Law and with the realities in Hong Kong, and as it can help maintain Hong Kong's rule of law, the opinion was wholly accepted during the Sino-British negotiations on the question of the Court of Final Appeal, thereby playing an important role in pressing for the final signing of the agreement. Qian Qichen pointed out: According to the Sino-British agreement on the Court of Final Appeal, the leading group that will take over the SAR will be responsible for organizing the establishment of the Court of Final Appeal on 1 July 1997, with the participation and assistance of the British side. By so doing, we can realize the objective of having the Court of Final Appeal at the time the SAR is established as well as can give full expression to the principle of the "rule of Hong Kong by the people of Hong Kong." That the PWC's opinion was accepted explains that the PWC's work is accepted and approved by the general public in Hong Kong and is conducive to promoting Sino-British cooperation.

Touching upon matters related to the establishment of the Preparatory Committee for the Hong Kong SAR

to be discussed at the current plenary meeting, Qian Qichen said: At the last plenary meeting, members discussed the "concrete plan for establishing the Preparatory Committee for the Hong Kong SAR," drawn up by the Political Affairs Group, and suggested that the Preparatory Committee be inaugurated in January 1996. As the decision to establish the Preparatory Committee for the Hong Kong SAR was made by the National People's Congress [NPC], the NPC Standing Committee shall draw up regulations on specific matters concerning the Preparatory Committee. Therefore, the Political Affairs Group should further perfect the concrete plan so that the NPC Standing Committee can use it for reference.

Qian Qichen said: In the next six months, the PWC should make suggestions and proposals for various issues listed in its work plan, while further perfecting suggestions and proposals already taking shape. He urged all members to discuss, examine, and freely air views on suggestions and proposals put forth by the special groups so as to draw up various plans to be used for final reference. He said: These results will mark the PWC's successful completion of its mission.

Qian Qichen pointed out: To realize Hong Kong's stable transition and the smooth establishment of the Hong Kong SAR, and to maintain Hong Kong's long-term stability and prosperity, we have to rely on the participation of the people of Hong Kong as well as the central government's support in policy. The Hong Kong SAR's future relations with the Taiwan region is an important issue facing us today; it is also a matter of general concern of the people of Hong Kong. Taking into account Hong Kong's history and reality, and in accordance with Comrade Deng Xiaoping's concept of "one country, two systems," with the spirit of his speeches concerning Hong Kong-Taiwan relations after 1997, and with the principle of "one China," the central government has conducted a host of investigations and serious studies on this issue, has extensively listened to opinions from various circles, including the people of Hong Kong, and has drawn up the basic principles and policies for the post-1997 Hong Kong's handling of the question of Taiwan.

On behalf of the State Council, Qian Qichen announced seven basic principles and policies drawn up by the Central People's Government for handling issues related to Taiwan in Hong Kong after 1997.

PWC Vice Chairmen Ann Tse-kai, Henry Fok Ying-tung, Zhou Nan, Zhen Yi, Simon Li Fok-sean, and Jiang Enzhu; Deputy Secretaries General Chen Ziyang and Qin Wenjun; and 64 members attended the meeting.

Xiao Weiyun, Fong Wong Kut-man, Shao Tianren, Dr. Raymond Wunai-yung, and Wang Shuwen delivered work reports on behalf of the political affairs, economic, legal affairs, cultural, and social security groups respectively.

Makes Announcement on Ties

OW2206120695 Beijing XINHUA in English
1153 GMT 22 Jun 95

[FBIS Transcribed Text] Beijing, June 22 (XINHUA) — Chinese Vice-Premier and Foreign Minister Qian Qichen today announced, on behalf of the State Council and the central government, a seven-point fundamental principle governing relations between Hong Kong and Taiwan after China resumes the exercise of its sovereignty over Hong Kong in 1997.

Qian, who is also director of the Preliminary Working Committee (PWC) for the Preparatory Committee of the Hong Kong Special Administrative Region (SAR), made the announcement at the PWC's fifth plenary session which opened here today. The seven points are as follows:

- All existing unofficial contacts, including economic and cultural exchanges and personnel visits, between Hong Kong and Taiwan will basically remain unchanged;

- Residents and capital from Taiwan are welcome in Hong Kong for investment, trade, and other industrial and commercial activities. Their legitimate rights and interests will be protected in accordance with local laws;

- Under the principle of "One China", air and marine navigation between the future Hong Kong SAR and Taiwan will be managed as "special regional routes". Navigation and transportation between the two areas will be conducted in accordance with the principle of mutual benefit;

- Taiwan residents may enter or leave Hong Kong or attend school, obtain employment or settle in Hong Kong in the light of relevant laws made by the Hong Kong SAR. To provide Hong Kong entry and exit convenience for Taiwan residents, the central government will make appropriate arrangements concerning their credentials;

- Nongovernmental organizations in the Hong Kong SAR in the fields of education, science, technology, culture, arts, physical culture, specialties, medicine, labor and social welfare and social work and religious organizations may maintain or develop their relations with unofficial organizations in Taiwan so long as such relations are built on the principle of non-subordination, non-interference and mutual respect;

- Any official contacts, consultations, signing of agreements and establishment of organizations between the Hong Kong SAR and Taiwan must be submitted to the central government for approval or be approved by the chief executive of the Hong Kong SAR with the authorization of the central government; and

- The organizations and personnel in Hong Kong from Taiwan may continue to reside in Hong Kong. However, they must abide by the Hong Kong SAR Basic Law and be prohibited from going against the principle of "One China" or engaging in activities undermining Hong Kong's stability and prosperity or activities different from their registered scope.

The relations between the Hong Kong SAR and Taiwan after 1997 are a special part of the overall relationship across the Taiwan Straits, said Qian.

He reiterated that all matters between Hong Kong and Taiwan, which concern state sovereignty or cross-Taiwan Straits relations after 1997, will be handled by the central government or managed by the Hong Kong SAR government under the guidance of the central government.

Unofficial contacts between Hong Kong and Taiwan and the legitimate rights and interests of Hong Kong and Taiwan compatriots will be safeguarded to facilitate the common prosperity of the two regions, he added.

The vice-premier stressed that all policies laid down by the central government on relations between Hong Kong and Taiwan after 1997 are based on the principles of "One China" and "one country, two systems".

"We urge Taiwan authorities to have a clear understanding of the current situation, adopt a realistic attitude, remove all obstacles and avoid doing anything aimed at creating "Two Chinas" or "One China, One Taiwan" as regards the relations between Hong Kong and Taiwan", he said.

More on Policy

OW2206141295 Beijing XINHUA in English
1353 GMT 22 Jun 95

["Qian Qichen: China Sticks to Its HK Policy" — XINHUA headline]

[FBIS Transcribed Text] Beijing, June 22 (XINHUA) — China will stick to its policy of "serving the needs of and relying on the Hong Kong people" in the run-up to 1997, according to a senior Chinese official.

Qian Qichen, vice-premier and foreign minister, made the remark today at the opening ceremony of the Fifth Plenary Session of the Preliminary Working Committee

of the Preparatory Committee of the Hong Kong Special Administrative Region.

Qian, director of the Preliminary Working Committee, whose work is drawing to an end, said that it is even more important now to communicate with and heed the opinions of the Hong Kong people.

In the past six months, five panels under the Preliminary Working Committee have convened in Hong Kong and provided consultations for the people of Hong Kong.

"China will win the full understanding and support of the Hong Kong people so long as the Preliminary Working Committee keeps in close touch with them and explains China's stand on major issues clearly to them," Qian said.

Commenting on the recent Sino-British agreement on the Hong Kong Court of Final Appeals, he said "There will be no judiciary vacuum in Hong Kong because China is able and is determined to set up the court of final appeals and build an independent and complete legal system for the future Special Administrative Region."

He pointed out that the Preliminary Working Committee's work has been accepted by Hong Kong society, and "has promoted co-operation between the two governments."

Speaking on behalf of the State Council, Qian also announced China's basic principles and policies on handling Hong Kong affairs related to Taiwan after China resumes its sovereignty over Hong Kong in 1997.

Leading officials of five panels under the Preliminary Working Committee read reports on their work to the three-day meeting.

Addresses Closing Session

OW2506155195 Beijing XINHUA Domestic Service
in Chinese 1205 GMT 24 Jun 95

[By reporters Duanmu Laidi (4551 2606 0171 1229)
and Fang Jin (2455 3866)]

[FBIS Translated Text] Beijing, 24 Jun (XINHUA) — The fifth plenary meeting of the Preliminary Work Committee [PWC] of the Preparatory Committee of the Hong Kong Special Administrative Region [SAR] closed at the Great Hall of the People today.

Qian Qichen, vice premier of the State Council and PWC chairman, delivered a closing speech. PWC Vice Chairman and Secretary General Lu Ping delivered a report laying out the PWC's work for the second half of 1995.

The meeting adopted the "Press Communique of the Fifth Plenary Meeting of the PWC of the Hong Kong SAR Preparatory Committee," the "Resolution on Supporting the Chinese Government's Basic Principle and Policy on Handling Hong Kong's Taiwan-Related Issues After '1997'," and "Proposals on Matters Concerning Establishing a Hong Kong SAR Preparatory Committee".

In his speech, Qian Qichen said: One of the important topics of the current meeting is to discuss the central people's government's basic principle and policy on handling Hong Kong's Taiwan-related issues after "1997." In the current situation, it is very important to announce these basic principles and policies, because this will contribute to the normal development of non-governmental exchanges and contacts between Hong Kong and Taiwan, to safeguarding the legitimate rights and interests of Hong Kong and Taiwan compatriots, to Hong Kong's stable transition, and to preserving the common prosperity of Hong Kong and Taiwan. These basic principles and policies clearly define the authority of the central people's government and the Hong Kong SAR Government in handling Hong Kong's Taiwan-related issues after "1997," manifest the guiding principle of "one China" and "one country, two systems," and point the way for the future Hong Kong SAR Government to develop relations with Taiwan region.

Qian Qichen said: The "Proposals on Matters Concerning Establishing a Hong Kong SAR Preparatory Committee," which was adopted by the current meeting, involves the exact time of the establishment of the preparatory committee, the number of members of the committee, the percentage of Hong Kong members, and the location of the committee's office. These proposals will be submitted to the National People's Congress [NPC] Standing Committee as a reference for the preparation and organization of the preparatory committee. Establishment of the preparatory committee next year will mark the entrance into a stage of concrete implementation in the work of establishing the Hong Kong SAR. Therefore, forming the preparatory committee at the earliest possible date has great significance for us to make complete arrangements for the preparations for establishing the Hong Kong SAR. It is an important matter concerning the overall situation. The PWC is an organ for preparing the establishment of the preparatory committee; it will conclude its work when the preparatory committee is formally established.

Qian Qichen pointed out: During the current meeting, members of the PWC heard and discussed reports by the various special groups on their work over the last six months, and seriously discussed the nine written suggestions and proposals submitted by the special

groups. So, we can see that many important results have been achieved in the PWC's work, and the great majority of the tasks set in the PWC's work plan has been accomplished. We can say quite surely that the PWC will be able to accomplish its tasks as scheduled. Qian Qichen said with deep reflection: The road the PWC has traveled in the last two years is extraordinary. We have worked in a down-to-earth manner, relying on the central authorities' policy and the support of the masses of Hong Kong residents, adhering to the principle of regarding ourselves as the center, and placing our foothold on relying on our own strength. And that is why we have been able to achieve important results. As more results have been achieved, the PWC's prestige and influence have increased day by day. Particularly, increasing numbers of Hong Kong residents have shown concern for the PWC and approved its work.

Qian Qichen emphatically pointed out: Maintaining the stability of the corps and system of Hong Kong public servants is an important subject studied by the PWC, as well as a subject frequently discussed between us and people of all sectors of Hong Kong. The central people's government is very much concerned about and has always attached importance to the stability and steady transition around 1997 of the corps of Hong Kong public servants. The fact that China will restore its exercise of sovereignty over Hong Kong in 1997 does not mean that we will form a corps of new personnel to take over the Hong Kong Government. On the Hong Kong issue, we have a basic policy, that is "a high degree of autonomy" and "people of Hong Kong governing Hong Kong". One of the meanings of "people of Hong Kong governing Hong Kong" is that the SAR Government, which will govern Hong Kong, will be formed by local Hong Kong people, and the central people's government will not send a single official. Then, which Hong Kong local people will form the future SAR Government? The 180,000 public servants currently working for the Hong Kong Government are an experienced and quite well-trained corps which is familiar with both the situation in Hong Kong and the operations of the Hong Kong Government. It is inconceivable that the original corps of public servants will be set aside after 1997 and a corps of new public servants tasked to form a government, because this would be detrimental to Hong Kong's stable transition and long-term stability and prosperity.

Qian Qichen said the 180,000 public servants currently carrying out the Hong Kong Government's operations are a huge fortune for Hong Kong and a reliable force for "people of Hong Kong to govern Hong Kong" after 1997. We must view the significance of

maintaining the continuity and stability of the corps of Hong Kong public servants from the perspective of maintaining maximum stability in Hong Kong and of being most conducive to Hong Kong's prosperity and development. The Sino-British Joint Statement and the Hong Kong Basic Law clearly specify that, before the Hong Kong SAR is established, public servants of all Hong Kong Government departments may stay. With the exception of a very small number of major officials who will be nominated by the future administrative official of Hong Kong and appointed by the central people's government, public servants of all categories at all levels, in general, may continue their work on in original posts. Hong Kong's original public servants system, excluding stipulations providing privileges to foreign personnel, will be retained after 1997. The system includes the recruiting, employment, evaluation, discipline, training, and management of public servants, as well as their salaries and benefits. The current special organs in charge of public servants' appointment, salaries, and terms of employment, will also be retained after 1997. The Basic Law also clearly specifies that the Hong Kong SAR Government will pay the due amounts of retirement pensions, annuities, allowances, and welfare expenses — not less than the original amounts — to retired public servants and those who leave their posts according to established regulations, including those who retire or leave their posts according to established regulations before the Hong Kong SAR is established, regardless of their nationalities and places of residence, or to their families. We hope all public servants currently serving the Hong Kong Government will stay after 1 July 1997 and continue to serve Hong Kong residents and the SAR, to create a better future for Hong Kong.

In conclusion, Qian Qichen said: The PWC's mission to make preparations for the Chinese Government to restore its exercise of sovereignty over Hong Kong and to establish the Hong Kong SAR will be accomplished by the end of this year. We should make good use of the last six months to properly wrap up various work, should report our fruitful work to the NPC Standing Committee, and lay a good foundation for the work of the Hong Kong SAR Preparatory Committee.

Attending the meeting were PWC Vice Chairmen Ann Tse Kai, Henry Fok Ying-tung, Zhou Nan, Jiang Enzhu, Zheng Yi, and Li Fushan; PWC Deputy Secretaries General Chen Ziyang and Qin Wenjun; and PWC members — 64 in all.

Views Civil Servants

OW2406150295 Beijing XINHUA in English
1453 GMT 24 Jun 95

[FBIS Transcribed Text] Beijing, June 24 (XINHUA) — The 180,000 civil servants in the Hong Kong Government are a huge fortune and a force which can be relied on to implement the idea of "Hong Kong people governing Hong Kong", a senior Chinese official said here today.

Qian Qichen, Vice-Premier and Foreign Minister, made the remark at the Fifth Plenary Session of the Preliminary Working Committee of the Preparatory Committee of the Hong Kong Special Administrative Region (SAR), which opened here Thursday and ended today.

Qian, also Director of the Preliminary Working Committee, said that maintaining the stability of the contingent of the Hong Kong civil servants and the civil service system is an important research item for his committee and a frequent topic when the committee communicates with various circles in Hong Kong.

The central government, he said, has attached great importance to the stability and smooth transfer of the contingent of the Hong Kong civil servants before and after 1997.

Qian noted that when China resumes its exercise of sovereignty over Hong Kong in 1997, it will not send a group of new-comers to take over the Hong Kong Government.

On the Hong Kong issue, he continued, a basic policy is that Hong Kong will maintain high-degree autonomy and Hong Kong people run Hong Kong.

He stressed that the future SAR government will be composed of locals and that the central government will not send a single official to it.

The current 180,000 civil servants in Hong Kong are familiar with the local circumstances and government operations, Qian said, adding they are a contingent with rich experiences and high-quality expertise.

"It is unimaginable that the original civil servants will be deserted and a new batch recruited to form the government after 1997," he said, "for this is harmful to the smooth transfer of power and long-term prosperity in Hong Kong."

Qian noted that everyone must realize the importance of maintaining the civil servants' continuity and stability.

He said the Sino-British Joint Declaration and the Basic Law have devoted special chapters to the regulations related to the civil servants, clearly stipulating that the civil servants in various departments in the Hong Kong

Government could reserve their posts before the SAR comes into being.

The civil service system will remain effective except those regulations that give foreign-nationality servants privileged treatment, Qian added.

He hoped that the civil servants now working in the Hong Kong Government will continue their service for the local residents and the SAR after July 1, 1997 to open up a beautiful future for Hong Kong.

Speaks on Relations

OW2406152795 Beijing XINHUA in English
1521 GMT 24 Jun 95

[FBIS Transcribed Text] Beijing, June 24 (XINHUA) — Chinese Vice-Premier and Foreign Minister Qian Qichen said today the principle governing relations between Hong Kong and Taiwan announced on June 22 is beneficial to HK and Taiwan compatriots and the common prosperity of the regions.

The vice-Premier made the remark at the three-day fifth plenary session of Preliminary Working Committee for the Preparatory Committee of the Hong Kong Special Administrative Region (SAR), which ended today.

Qian, who is also director of the Preparatory Committee, said the principle is favorable to safeguarding the legitimate rights and interests of Hong Kong and Taiwan compatriots.

The principle is also conducive to the peaceful and stable transition of Hong Kong and common prosperity of Hong Kong and Taiwan, said the Vice-Premier.

Qian said the principle reflects the policy of "One China" and "One Country and Two Systems".

The establishment of the Preparatory Committee of the Hong Kong Special Administrative Region early next year will signal the beginning of setting up Hong Kong SAR, Qian said.

"Based on the achievements we have made, I am confident that the Preparatory Committee will finish all tasks as scheduled," he said.

Asked To Arrange Meeting

HK2406080095 Hong Kong HONGKONG
STANDARD in English 24 Jun 95 p 1

[By M Y Sung in Beijing]

[FBIS Transcribed Text] Chinese Foreign Minister Qian Qichen may not know who he will meet as his British counterpart in his September visit to London. But he is

already being asked to arrange a meeting between Governor Chris Patten and Hong Kong and Macao Affairs Office Director Lu Ping after his British excursion.

The plea to Mr Qian to help ease the tension between Mr Patten and Mr Lu came in a letter signed by Democratic Alliance for the Betterment of Hong Kong (DAB) chairman Tsang Yok-sing and vice-chairman Tam Yiu-chung.

Messrs Tsang and Tam are in Beijing to attend the Preliminary Working Committee (PWC) plenary session. Both officials routinely criticise British policy towards Hong Kong, and Mr Patten for his feuds with the Chinese leadership. But yesterday they asked for reconciliation, or at least a modicum of diplomatic nicety, that Mr Lu had singularly ignored with his snubs of Mr Patten who had requested meetings.

The DAB would like China and Britain to resume normal contacts. Messrs Tsang and Tam also invited Mr Qian to persuade Mr Lu to see Chief Secretary Anson Chan Fang On-sang over the transition of the civil service. Mrs Chan had sought meetings with Mr Lu, who did plan to talk to her in Zhuhai shortly after his visit to Hong Kong a month ago. Mrs Chan, however, spurned the invitation for a trip to London.

The DAB felt relations between the two sides were thawing after the recent Court of Final Appeal deal which the party would like to be a model for resolving other disputes, such as the adapting of laws for the Special Administrative Region (SAR). China has warned Britain not to rush through "midnight" or last minute laws in Hong Kong because it would not accede to any legislative fait accompli.

Mr Tam stressed that the time was right for Britain and China to settle their discord over the franchise for Container Terminal Nine (CT9). The Chinese had blocked the granting of a CT9 building and maintenance franchise to a consortium led by Jardine Matheson which secured the business in a closed tendering process. China promised to abide by whatever the franchise decision would be if the process was done openly and based on merit. Mr Tam said should Britain and China fail to settle the CT9 issue, it would be up to the SAR government to finish the business. He emphasised that even if there would be no solution, Britain should go ahead with the terminal's reclamation works.

The letter submitted to Mr Qian included other points: the early issuance of SAR passports, guarantees of right of abode in Hong Kong for permanent residents and cooperation for the founding of a retirement scheme.

Reportage on PWC Fifth Plenary Meeting

SAR Supports Policies

OW2406145495 Beijing XINHUA Domestic Service
in Chinese 1001 GMT 24 Jun 95

[FBIS Translated Text] Beijing, 24 Jun (XINHUA) — The fifth plenary meeting of the Preliminary Working Committee [PWC] of the Preparatory Committee for the Hong Kong Special Administrative Region [SAR] today passed a "Resolution on Supporting Our Government's Basic Principles and Policies for Handling Issues Related to Taiwan in Hong Kong after 1997" as follows:

The fifth plenary meeting of the PWC of the Hong Kong SAR Preparatory Committee heard and earnestly discussed the basic principles and policies on handling issues related to Taiwan in Hong Kong after 1997 as announced by Qian Qichen, vice premier and director of the PWC of the Hong Kong SAR Preparatory Committee, on behalf of the State Council. The meeting unanimously held: These basic principles and policies are in accordance with the principle of "One China" and the policy of "one country, two systems"; clearly define relations between Hong Kong and Taiwan after the 1997; and spell out the authority of the Central People's Government and Hong Kong SAR Government in handling issues related to Taiwan in Hong Kong after 1997. This will be conducive to safeguarding the legitimate rights and interests of Hong Kong and Taiwan compatriots, to Hong Kong's smooth transition, to Hong Kong and Taiwan's common prosperity, and to the great cause of the motherland's reunification. The meeting expresses complete approval of these basic principles and policies.

Committee Proposal Passed

OW2406135895 Beijing XINHUA Domestic Service
in Chinese 1021 GMT 24 Jun 95

[FBIS Translated Text] Beijing, 24 Jun (XINHUA) — The fifth plenary meeting of the Preliminary Working Committee [PWC] of the Preparatory Committee for the Hong Kong Special Administrative Region [SAR] today passed the "Proposal on Matters Related to the Establishment of the Preparatory Committee for the Hong Kong SAR":

The "Decision of the National People's Congress [NPC] on How To Produce the First Government and Legislative Assembly of the Hong Kong SAR," adopted by the Seventh NPC at its third session on 4 April 1990, stipulates: "A preparatory committee for the Hong Kong SAR will be established in 1996 by the NPC, which will be in charge of preparations relating to the establishment of the Hong Kong SAR and regulating firm methods for

producing the first government and legislative assembly in accordance with this decision. The preparatory committee will be composed of members from the interior and no less than 50 percent of the total membership will be from Hong Kong. The chairman and members will be appointed by the NPC Standing Committee." Based on this stipulation, the PWC of the Preparatory Committee for the Hong Kong SAR held discussions and made the following proposals on matters related to the Preparatory Committee for the Hong Kong SAR:

1. The Hong Kong SAR Preparatory Committee will be established in January 1996.
2. The Hong Kong SAR Preparatory Committee will be composed of 120 to 150 members, and more than 50 percent of them will be from Hong Kong.
3. The Preparatory Committee will be located in Beijing, with working bodies set up in Beijing and Hong Kong.

More on Proposal

OW2406131195 Beijing XINHUA in English
1256 GMT 24 Jun 95

[FBIS Transcribed Text] Beijing, June 24 (XINHUA) — The Preliminary Working Committee of the Preparatory Committee of the Hong Kong Special Administrative Region (SAR) today suggested the Preparatory Committee be set up in January 1996.

The Fifth Plenary Session of the Preliminary Working Committee opened in the Chinese capital of Beijing Thursday [22 June] and a series of proposals related to the establishment of the Preparatory Committee were passed today.

According to the proposals, the 3rd session of the 7th National People's Congress (NPC) of China passed a decision on April 4, 1990 on the ways of producing the first SAR Government and the first Legislative Council in Hong Kong.

The decision stipulated that in 1996, the NPC will set up the SAR Preparatory Committee, which will be in charge of preparations relating to the establishment of the SAR and regulating concrete methods about producing the first SAR Government and Legislative Council.

The Preparatory Committee will be composed of members from the Chinese Mainland and no less than 50 percent of the members from Hong Kong, the decision said, adding the chairman and members will be appointed by the NPC Standing Committee.

During the current session, the Preliminary Working Committee held discussions on the NPC decision and

made relevant proposals on the establishment of the Preparatory Committee.

The proposals also noted the Preparatory Committee will be composed of 120 to 150 members and over 50 percent of them will be from Hong Kong.

The Preparatory Committee will be located in Beijing, and working bodies will also be set up in Beijing and Hong Kong, the decisions added.

Communique Issued

OW2406150795 Beijing XINHUA Domestic Service
in Chinese 1148 GMT 24 Jun 95

[FBIS Translated Text] Beijing, 24 June (XINHUA) — Press communique of the fifth plenary meeting of the Preliminary Working Committee [PWC] of the Preparatory Committee of the Hong Kong Special Administrative Region [SAR]:

The Fifth Plenary Session of the PWC of the Preparatory Committee of the Hong Kong SAR was held in Beijing from 22 to 24 June 1995.

On behalf of the State Council, Qian Qichen, vice premier and PWC chairman, announced the fundamental principles and policies for handling issues related to Taiwan in Hong Kong after 1997. After earnest discussion of the announcement, the meeting adopted the "Resolution in Support of Our Government's Fundamental Principle Governing Relations between Hong Kong and Taiwan After 1997" to lend full support for the aforementioned fundamental principles and policy adopted by the central authorities.

The meeting heard and discussed work reports submitted by five subgroups and examined suggestions and proposals submitted by them. Expressing satisfaction with the progress of the work of the subgroups, the meeting noted that subgroups have studied and reached preliminary conclusions on most of the issues listed in their work plans. These suggestions and proposals, which take account of Hong Kong's actual conditions as well as the interests of all quarters of Hong Kong society, conform to the policy of "one country, two systems" and the "Basic Law of the Hong Kong Special Administrative Region of the People's Republic of China."

The meeting holds that the PWC's work has been fruitful and won the recognition of Hong Kong society. The fact that the agreement between the Chinese and British Governments on the Court of Final Appeal adopted all the proposals of the PWC's Political Subgroup demonstrates that the PWC's work is helpful in advancing Sino-British cooperation and conducive to Hong Kong's prosperity, stability, and smooth transition.

The meeting adopted the "Proposal on Matters Related to the Establishment of the Preparatory Committee for the Hong Kong SAR" and will report this to the Standing Committee of the National People's Congress.

The meeting suggests that while carrying forward the policy of "meeting the needs of the people of Hong Kong and relying on the people of Hong Kong" and extensively soliciting views from all quarters of Hong Kong society on matters related to the transition period, it is necessary to keep them posted on the PWC's work and its stand and views on major issues and maintain close communications with the people of Hong Kong.

The meeting adopted a plan for the PWC's work in the second half of this year that calls on the subgroups to make stepped-up efforts to accomplish their work on schedule in the second half of this year in accordance with their work plans and the suggestions of the plenary meeting.

The meeting decided to convene the sixth plenary meeting of the PWC from 7 to 9 December 1995 in Beijing.

More on Communique

OW2406134895 Beijing XINHUA in English
1335 GMT 24 Jun 95

[FBIS Transcribed Text] Beijing, June 24 (XINHUA) — The Fifth Plenary Session of the Preliminary Working Committee of the Preparatory Committee of the Hong Kong Special Administrative Region [SAR] issued a press communique here today.

Speaking on behalf of the State Council, Vice Premier Qian Qichen, director of the Preliminary Working Committee, announced the basic principles and policies on handling Hong Kong affairs related to Taiwan after China resumes its sovereignty over Hong Kong in 1997, the communique said.

Through earnest discussions, the session passed a decision on supporting Chinese Government's basic principles and policies on handling Hong Kong affairs related to Taiwan after 1997, which expressed unanimous agreement with the above-mentioned central government's principles and policies, it said.

The session, which was held between June 22 and 24, heard and discussed the work reports submitted by the five special panels, and discussed their proposals and plans, which accord with the central government's policy of "one country, two systems" on the reunification of the motherland, and the Basic Law of the People's Republic of China on the Hong Kong Special Administrative Region, the communique said.

The recent Sino-British agreement on the Hong Kong Court of Final Appeals adopted the suggestions of the special panels on political affairs and this reflected the role of the Preliminary Working Committee in promoting the Sino-British cooperation and the prosperity and stability of Hong Kong and the smooth transition of Hong Kong in 1997, it said.

Moreover, the session passed the suggestion on handling affairs arising from the establishment of the Preparatory Committee of the HK SAR, which will be submitted to the Standing Committee of the National People's Congress, the communique said.

The meeting called for a close communication with Hong Kong people in line with the policy of "facing and depending on Hong Kong people," it said.

The Sixth Plenary Session of the Preliminary Working Committee of the HK SAR Preparatory Committee will be held between December 7 and 9 this year in Beijing, said the communique.

Press Conference Held

OW2406151495 Beijing XINHUA in English
1502 GMT 24 Jun 95

[FBIS Transcribed Text] Beijing, June 24 (XINHUA) — The Preliminary Working Committee [PWC] today expressed fully [as received] support to the Central Government's basic principles and policies on handling Hong Kong affairs related to Taiwan after China resumes its sovereignty over Hong Kong after 1997, said Chen Ziyang, deputy secretary-general of the Preliminary Working Committee.

Speaking at a press conference after the Fifth Plenary Session of the Preliminary Working Committee of the Preparatory Committee of the Hong Kong Special Administrative Region (SAR), which closed here today, Chen noted that the handling of relations between Hong Kong and Taiwan is a major task before the establishment of the HK SAR Government, and a common concern of the Hong Kong people.

Chen said that the Preliminary Working Committee also expressed great concern about the principles and policies, which were believed to be advantageous not only to safeguarding the legal interests of the compatriots in Hong Kong and Taiwan, but also to the lasting prosperity and stability of Hong Kong.

Chen pointed out that the work of the committee has contributed to the Sino-British agreement on the Hong Kong Court of Final Appeals which was reached recently, and has promoted the Sino-British cooperation.

Moreover, he added, the agreement will produce an "active influence" on the two countries' cooperation on other affairs.

Chen noted that the Hong Kong British Authorities should coordinate with China in line with the Sino-British Joint Declaration so as to ensure a smooth transition in 1997.

Further Reportage on SAR Issue

Plenum Views Applications

HK2506050595 Hong Kong SOUTH CHINA SUNDAY MORNING POST in English 25 Jun 95 p 2

[By No Kwai-Yan]

[FBIS Transcribed Text] Applications for the Special Administration Region (SAR) passport should be processed by the SAR team designate before 1997, to prevent applicants' personal data being leaked to China, a Preliminary Working Committee sub-group leader proposed yesterday.

The convenor of the social and security subgroup, Rita Fan Hsu Lai-tai, made the suggestion during discussions at the PWC plenum. She said people who wanted SAR passports immediately after the handover could hand in their applications before 1997 to the team designate, composed of senior officials of the SAR government, for scrutiny. She said there were two ways to scrutinise passport applications. One was to have application data sent to the Immigration Department to process with the help of the Hong Kong Government. The other was to have officials from the Immigration Department temporarily transferred to the team designate's office to handle applications. "This is to take care of those reluctant to disclose their personal data to Chinese officials," Mrs Fan said. She added those not willing to apply for a British National Overseas Passport were most in need of an SAR passport from July 1, 1997. She also said she would prefer Immigration officials to be transferred to the team designate.

Posts Viewed

HK2606060695 Hong Kong HONGKONG STANDARD in English 26 Jun 95 p 4

[By Flora Wong]

[FBIS Transcribed Text] Expatriate administrative officers will have to learn Cantonese and give up their jobs in sensitive branches of the government should they choose to stay beyond 1997.

Officers from overseas would attend a full-time, three-month Cantonese course if they chose to stay in Hong Kong, a government official said. He said, however,

that even if they chose to stay, they could gradually be deployed out of sensitive branches. Expatriate deputy policy secretaries also may have to be replaced in accordance with the Basic Law.

About 550 of Her Majesty's Overseas Civil Service officers, 70 of them in the administrative service, who have not reached retirement age by 30 June 1997, have been asked to indicate before 31 July whether they will stay beyond 1997. By August, the Civil Service Branch could estimate how many overseas officers would stay on with the Hong Kong government, the official said. Once they have indicated their intention to stay, they will be offered a Cantonese course to facilitate their career under the Special Administrative Region (SAR) government.

The official said it would be awkward for administrative officers to be unable to communicate with the majority of the population in their own language. Once they have indicated their intention to stay, they will be offered a Cantonese course to facilitate their career under the Special Administrative Region (SAR) government. The official said it would be awkward for administrative officers to be unable to communicate with the majority of the population in their own language.

Once they have indicated their intention to stay, the Civil Service Branch will consider redeploying top officials out of "sensitive" branches, such as the Security Branch, the Finance Branch and the Civil Service Branch. The official said these were branches the future SAR government would hesitate to let expatriates run. The branch now has to look for department posts in which to place these officials.

Expatriate deputy policy secretaries may have to be replaced in order to comply with the Basic Law. The Basic Law stipulates that all principal officials must be Hong Kong residents with no right of abode in foreign countries. The Civil Service Branch is afraid expatriate deputy policy secretaries cannot act as secretaries because of the restrictions set out in the Basic Law. They believe it would be wise to replace expatriate deputy policy secretaries with locals.

For example, Deputy Secretary for Security Ken Woodhouse acts as the Secretary for Security when Peter Lai Hing-ling is away.

Deputy Secretary for Civil Service Christopher Jackson also acts for Secretary for Civil Service Michael Sze cho-cheung in his absence. Expatriate deputies also include Deputy Secretary for Economic Services Elizabeth Bosher, and Deputy Secretary for Recreation and Culture Rachel Cartland.

Member Proposes First Chief*HK2606054595 Hong Kong SOUTH CHINA MORNING POST in English 26 Jun 95 p 4*

[By Catherine Ng]

[FBIS Transcribed Text] It would be more appropriate to have a civil servant as the first head of the future Special Administrative Region government, political parties said yesterday.

A pro-China party representative and a Liberal Party member suggested at RTHK's City Forum that a civil servant would be in a better position than others to be the chief executive.

Democratic Alliance for the Betterment of Hong Kong general secretary Ching Kai-nam said: "During the transition, a lot of technically or socially difficult questions must be dealt with. "A serving civil servant or former civil servant would be more suitable as he would know the operation of the Government well." "And it would be difficult for people with commercial or political backgrounds to balance their interests," he said. [quotation marks as published]

A leading Liberal Party member, Chan Yim-kwong, agreed with Mr Ching but said people from the business world or political parties should also be given a chance during the selection procedure. But Democratic Party vice-chairman Cheung Bing-leung rejected the idea, saying the process to select the chief executive had to be open and transparent. "We should not limit ourselves to certain people, saying they are appropriate to be the chief executive," he said.

He said civil servants were thought to be suitable merely because of their relatively low profile in society. Consideration should also be given to people from business or political parties, he said.

Ruan 'Front-Runner' for Post*HK2306064295 Hong Kong South China Morning Post in English 23 Jun 95 p 1*

[By Willy Wo-lap Lam]

[FBIS Transcribed Text] Hainan Governor Ruan Chongwu is the front-runner in the race to be Beijing's top representative in post-1997 Hong Kong. Sources indicated that, while the Communist Party Politburo might still consider other candidates, Mr Ruan was odds-on favourite to be both Hong Kong representative of the party and the central Government. The Governor, 62, is believed to have the backing of President Jiang Zemin. Since Beijing's Hong Kong "ambassador", Zhou Nan, is expected to serve until the transition, Beijing need not announce his successor until 1997.

One informed source in Hainan, China's largest special economic zone, said Mr Ruan, a member of the party's Central Committee, had already been told of the possibility of a transfer to Hong Kong. "Ruan has been studying Cantonese, English as well as Hong Kong laws and business practices," the source said. He added that Mr Ruan, who had led the Hainan Government and party committee since early 1993 had also hired a Cantonese speaking secretary.

Analysts familiar with Beijing's post-1997 Hong Kong strategy said China's representative in the Special Administrative Region (SAR) would wield much more power than Mr Zhou, whose title is Director of the Hong Kong Branch of Xinhua (the New China News Agency). They said, if appointed Mr Ruan would be named secretary of the Communist Party of Hong Kong — which is likely to be "legalised" after 1997 — as well as head of the Hong Kong office of the State Council, or central Government. The analysts said particularly in areas where there was a conflict of interest between the central Government and the SAR, Beijing's top man in Hong Kong was likely to have "a bigger say" than the chief executive.

Businessmen and diplomats said Mr Ruan, a former vice-mayor of Shanghai, was ideal for the job. Considered a reformer Mr Ruan, who has been Minister of Public Security and Minister of Labour could also claim to be a tough law-and-order cadre.

The native of Hubei province has diplomatic experience, having served as counsellor in the Chinese Embassy in West Germany from 1978 to 1983. "Originally a protege of (the late party chiefs) Hu Yaobang, a top liberal, Ruan is acceptable to Jiang Zemin partly because of his association with Shanghai," said a Western diplomat. "That Ruan is about the only provincial chief who is both party boss and Governor is a sign that he enjoys the trust of Beijing," the diplomat said.

Beijing 'Angry' at Initiative To Reform Laws*HK2406050495 Hong Kong EASTERN EXPRESS in English 24 Jun 95 p 2*

[By Rain Ren in Beijing and Wing Kay Po]

[FBIS Transcribed Text] China has reacted angrily to a Government initiative to reform Draconian colonial laws that threaten the freedom of the press.

Any change of laws by the Hong Kong Government without agreement with China would not be allowed and such alterations would not be valid after 1997, Xu Ze, a senior Chinese official of the Hong Kong and Macao Affairs Office, said.

In responding to the Government decision yesterday to repeal all regulations drawn up under the Emergency Regulations Ordinance, Xu said China stood firm in its position that any change of laws during the transition had to be discussed under the Sino-British Joint Liaison. "We will not acknowledge such changes if they are made without our approval," Xu said.

The Emergency Regulations Ordinance gives the governor powers to draw up new rules of control in times of crisis. The Government also gazetted an amendment bill that seeks to provide additional safeguards to protect journalistic material from being seized arbitrarily by law enforcement agencies. A Government spokesman said the emergency regulations dated from the 1940s and 1960s and had no relevance today.

He said "fresh, modern regulations could be introduced quickly in the unlikely event of an emergency", as the power to make regulations under the ordinance remained unchanged. "We believe the approach we have adopted will enable us to protect the public in any emergency situation in a way which is compatible with the Bill of Rights Ordinance, and the International Covenant on Civil and Political Rights as applied to Hong Kong."

The Government also sought to limit police powers in the searching and seizing of journalistic material under the Interpretation and General Clauses (Amendment) Bill gazetted yesterday. The spokesman said the bill addressed criticisms that the powers of search and seizure of the police were too wide and could be abused to threaten the freedom of the press.

Under section 50(7) of the Police Force Ordinance, a magistrate may issue a warrant to a police officer to search for and seize any document that is likely to be of value to the investigation of any offence. The bill would now specify that an officer, from the police or any law enforcement agency or government department, must apply for a warrant before he can be authorised to enter premises to search for or seize journalistic material.

Such an application must be approved by a directorate officer, specified in the bill, before it can be made to a District Court or High Court judge. Certain conditions must also be satisfied, and they include: — an arrestable offence has been committed;

- the journalistic material to be searched for is likely to be of substantial value to the investigation or relevant in the proceedings for the offence;
- other methods of obtaining the material may compromise the investigation

- it is in the public interest that a warrant should be granted.

The spokesman said the bill, expected to be tabled on Wednesday, "strikes a balance between the protection of press freedom and the need to maintain law and order".

The Government initiative was criticised by the Hong Kong Journalists Association. It said leaving the Emergency Regulations Ordinance unchanged was a "cosmetic exercise, devoid of any real meaning". The primary legislation, it added, allowed the declaration of an emergency "on any occasion of emergency or public danger", and that the governor could make "any regulations whatsoever" that could lead to censorship.

Patten: No Change Following Hurd Resignation

HK2306125095 Hong Kong AFP in English
1111 GMT 23 Jun 95

[FBIS Transcribed Text] Hong Kong, June 23 (AFP) — Governor Chris Patten said Friday that the resignation of Douglas Hurd as Britain's foreign secretary is unlikely to change British policy towards Hong Kong, which reverts to China in 1997.

"Douglas Hurd has been an outstanding Foreign Secretary and a great supporter of Hong Kong," Patten said in a statement, issued soon after Hurd announced that he would step down at the next cabinet shuffle. "He has been one of my closest and best friends in politics and I shall obviously miss him," the governor added. "However, the government's policy on Hong Kong — our commitment to standing up for the Joint Declaration and all that it means for the territory — will continue, whoever replaces him," he said.

The Sino-British Joint Declaration is the 1984 treaty that sealed Hong Kong's return to China on July 1, 1997 with promises that it would retain its capitalist lifestyle and a high degree of autonomy from Beijing.

Earlier in the day, Patten — a former Conservative Party cabinet minister — expressed support for John Major after the prime minister forced a leadership fight with Euroskeptics with an abrupt resignation announcement.

Mainland Improves UK Relations For Transition

HK2306150395 Hong Kong MING PAO in Chinese
21 Jun 95 p A1

["Special article" by staff reporter: "Beijing Fosters Cordial Relations With Britain To Facilitate Transition"]

[FBIS Translated Text] A well-informed person told this reporter yesterday, that prior to the National People's Congress (NPC) meeting in March this year, the CPC Central Committee Political Bureau had readjusted

China's policy toward Britain, and had laid down, in the form of a resolution, the keynote of striving for Sino-British re-cooperation in order to handle Hong Kong problems well in the transition period. The resolution recently was relayed to all units in charge of Hong Kong and Macao affairs, and was put into effect. As a result, there are indications that Sino-British relations are easing.

However, the policy change is directed chiefly at Britain, and China's tough attitude toward Hong Kong democrats remains unchanged. Beijing still regards Hong Kong democrats, headed by the Democratic Party, as anticommunist elements working in conjunction with foreign forces.

When holding its routine weekly meeting yesterday, the Hong Kong Executive Council also summed up the new situation in Sino-British relations. It agrees that Sino-British relations have improved, but there should not be over-optimism. It is necessary to cautiously observe progress in other issues because there has not been progress in the two crucial issues, i.e., the two airport financial support agreements and the Container Terminal 9 issue. The Executive Council hopes for an early solution to disputes over the two airport financial support agreements.

The well-informed person pointed out that prior to the NPC meeting in March this year, the CPC Central Committee Political Bureau had been aware that, although another stove could be set up to replace the three-tier councils, it would be difficult to smoothly solve various transition problems in Hong Kong, principally the economic problems, without restoring Sino-British relations. The Chinese side is worried that if Hong Kong's economic growth is not as it should be before 1997, it is likely to worsen after 1997. For this reason, it is necessary to strive for Sino-British cooperation to solve difficult problems.

Meanwhile, the Chinese side also is aware that there are indications that Britain is softening its China policy, and therefore China is quickening the readjustment of its policy toward Britain.

The person added: During the meeting of the Chinese People's Political Consultative Conference [CPPCC], Li Ruihuan, member of the Standing Committee of the CPC Central Committee Political Bureau and chairman of the CPPCC National Committee, issued the so-called "theory of the Yixing tea pot," saying that the more the tea stain accumulates, the better, and that the cleansing of the tea stain will make the teapot lose its value. This has precisely demonstrated the change in policy. However, because the situations at the higher levels were not made known to the lower level at that time,

Li Weiting, assistant to the director of the Hong Kong XINHUA office, still made a toughly worded anti-British statement at the NPC meeting.

The talks given by Lu Ping, director of the State Council's Hong Kong and Macao Affairs Office, during his visit to Hong Kong, and the talk given by XINHUA Hong Kong Director Zhou Nan at an evening banquet with several dozen senior Hong Kong officials last week, were moderate and positive, and were consistent with the central line. This shows that the situation at the higher levels has been relayed to the lower level.

As for the Sino-British agreement on the Court of Final Appeal, as well as Chinese Foreign Minister Qian Qichen's recent decision to visit Britain in October, the well-informed person stressed that they are all "outcomes" of the policy change.

However, despite the policy adjustment, it is absolutely impossible for the Legislative Councillors elected in the 1995 elections to take the through train beyond 1997. Even if all the seats are won by members of the Hong Kong Alliance for the Betterment of Hong Kong who are acceptable to China, they still will be unable to take the through train because the NPC has made a resolution on setting up another stove.

Editorial Views Sino-British Cooperation

HK2606054695 Hong Kong SOUTH CHINA
MORNING POST in English 26 Jun 95 p 16

[FBIS Transcribed Text] China's acknowledgement that the Preparatory Committee will need the Hong Kong Government's help in establishing the future Special Administrative Region is evidence of a more realistic and pragmatic attitude than it has sometimes displayed in the past.

The Government, in turn, has already made it clear that it intends to work with the Preparatory Committee. Co-operation was a major theme of the Governor's policy speech last October, and it would be surprising, as well as a threat to good government, if it were otherwise. It says a great deal for the resilience and pragmatism of the Hong Kong people that confidence is still as good as it is. A hostile stand-off between Britain and China in the final 18 months of the transition would seriously undermine whatever shaky optimism the rows of the past six years have failed to destroy.

Talks in the Joint Liaison Group on the details of what the co-operation should include must be detailed and thorough. But they should also be swift and conducted with a determination to succeed. Negotiations must be conducted in good faith and without some hidden

agenda of punishing the other for previous perceived treacheries.

It would be a tragedy if the atmosphere of mutual mistrust which poisoned previous talks continued to blight Sino-British co-operation. Britain must continue to negotiate with determination on Hong Kong's behalf. And the Hong Kong Government itself must ensure that it works with the Preparatory Committee only with a very clear idea of where the interests of the community lie. Otherwise the co-operation will be too one-sided and Hong Kong may wake up too late to the realisation that what Britain or Hong Kong concede has undermined the freedoms and the rule of law the Joint Declaration and the Basic Law were designed to protect.

Most Boat People Ineligible for Resettlement

HK2506052295 Hong Kong SOUTH CHINA SUNDAY MORNING POST in English 25 Jun 95 p 4

[By Scott McKenzie]

[FBIS Transcribed Text] Most Vietnamese boat people being held in Hong Kong would be ineligible for resettlement in the United States under a proposal approved by the US House of Representatives, it has been claimed. Even if the bill is approved by the joint Senate-House Conference Committee, Democrat Representative Donald Payne said the wording of the legislation was such that it would not be applicable to many in Hong Kong because they had no links with the US military or South Vietnamese regime during the Vietnam War.

"Many [in the Hong Kong camps] are northern Vietnamese fishermen who had nothing to do with supporting our war efforts," Mr Payne said. He was speaking in the House to an amendment proposed by Republican Representative Doug Bereuter who sought to block moves led by fellow Republican Chris Smith to resettle in the US up to 20,000 of the 40,000 boat people remaining in the region. The House approved the Smith amendment by 256 votes to 156. "It is downright cruel for us to build . . . [expectations] that the United States will take these migrants as refugees. Support the Bereuter amendment and help to stop the bloodshed in Hong Kong," Mr Payne said.

Since the proposal was made last month, boat people in Hong Kong have been involved in violent clashes with security forces — a situation the Government has blamed on the congressional proposal. Hong Kong Refugees Co-ordinator Brian Bresnahan told legislators last week that he opposed the US plan and had voiced the territory's concerns to locally based US officials.

The British Embassy in Washington has also made formal approaches to the State Department over the issue. Mr Smith has said the amendment is necessary because the screening process used to determine refugee status has been flawed. He said many of the remaining failed asylum-seekers were in fact deserving of refugee status and resettlement. He claimed there were up to 20,000 eligible for refugee status because of their links to the US military during the war and to the former South Vietnamese government.

At least 12,000 of the 40,000 boat people left in camps throughout the region are north Vietnamese, and most of them are in Hong Kong. Of the total 21,000 in Hong Kong, the largest detention centre, Whitehead, is used exclusively for northerners and has a population of about 10,700. About 1,500 in the north camp of High Island are also from the north. The 6,000 people in Tai A Chau are from the south, as are most of those in the south camp of High Island camp at Sai Kung. Most of the boat people came to the territory in small boats in a wave of arrivals in 1989 and 1990. A large number of those from the north left from Haiphong — a town which was then had a strong fishing community.

Article Criticizes Western Media for 'Rumors'

HK2306152095 Hong Kong WEN WEI PO in Chinese 13 Jun 95 p A12

[Article by Yong Pi (0737 3880): "Written After Laying Bare the Rumors"]

[FBIS Translated Text] A number of Hong Kong newspapers recently spread some rumors, saying that "Wu Jieping hints that Deng Xiaoping is hospitalized and is in imminent danger," "Deng Xiaoping passed away on 1 May," "former Guizhou party secretary Liu Zhengwei commits suicide," "Zhao Ziyang appears at memorial service for Chen Yun," "Beijing university student Lu Siqing calls for lodging protest against the government," "Yu Zhijian and 53 others in prison jointly appeal to the National People's Congress," and "Wang Dan is in danger after a 7-day hunger strike."

These rumors have been punctured one by one.

When Wu Jieping flatly denied that he had talked to foreign media about Deng Xiaoping's health, the newspaper that spread the rumor expressed an "apology to Mr. Wu"; Deng Xiaoping's daughter Deng Nan personally confirmed to reporters a few days that her father "regularly strolled every day and did not use a wheelchair"; Liu Zhengwei did not commit suicide and he is still alive; and Zhao Ziyang did not appear at Chen Yun's funeral ceremony. As to the news focused on the "4 June disturbance" in 1989, it has been verified: Lu

Siqing used Beijing University letterhead after he had escaped to Hong Kong and usurped the name of Beijing University. Yu Zhijian, who is imprisoned, expressed his indignation to those who used his name to concoct the so-called "appeal." When Wang Dan was detained according to law, he stopped eating for only one day. Later, he himself asked for resumption of the normal three meals daily.

Now that these rumors have been punctured, our readers of goodwill would like to ask: Who on earth is creating these rumors? What are they up to?

It is not difficult for our careful readers to find that most of these rumors are created by some Western press agencies. The Western forces that are hostile to China always intend to introduce into China their so-called "democracy," "freedom," and "human rights," which do not suit China's national conditions, and to impose these things on the Chinese people. Their purpose is to deliberately undermine China's stability, unity, and the excellent situation of steady development.

As the rumor-mongers are used to attaching the label "exclusive and reliable news," the reports are relatively deceptive. Overseas readers who do not understand China's history and status quo can be fooled easily. Although the motive of some of Hong Kong's press agencies is not necessarily the same as the rumor-mongers, they usually transmit this "exclusive news" without delay, either because they do not know the true story, or for other considerations. In fact, they have played the role of spreading rumors. Can a serious press agency continue its operation like this?

Naturally, there is no lack of staff members with journalist vocational ethics among the Western and Hong Kong press agencies who have objectively reported about China's overall political, economic, and social situation. A reporter from UNITED PRESS INTERNATIONAL drew the following conclusion after his recent visit to Beijing University and a number of institutions of higher learning: "There is almost no indication of discontent or different political views on the campuses," and "China's college students want careers rather than conflicts." This conclusion can be drawn by any unbiased reporter who goes among Chinese students and the common people, and learns about their real situation.

We advise those with ulterior motives not to rack their brains to create rumors. Although rumors can deceive people for a short while or create a alarmist "sensational effect," once the rumors are exposed, people will realize how mean and degenerate are the rumor-mongers. Moreover, the press that has spread the rumors also will be despised, and even cast aside by readers.

China has attained world-acknowledged achievements since reform and opening up, and has successfully taken a decisive step in its economic structural reform. Its national economy has maintained sustained, rapid, and healthy growth, and the people's living standards have improved remarkably. The world is crying out in alarm: "The huge dragon in the East is taking off" and "the bright future of the world will appear on the ancient land of China." This is the result of China's upholding the correct line of "taking economic construction as the central task," and the desire of the broad ranks of the people for social stability.

No descendant of the Yellow Emperor who yearns for the revitalization of the Chinese nation will want to see conflicts and confusion prevail on his motherland. Instead, he will expect the situation of stability and unity to continue, which will be conducive to deepened reform and further economic development. This is China's basic reality, and the will of the people. When people look at China's current problems from this point of view and have heightened their vigilance, there will be no chance at all for the rumor-mongers to play their tricks.

Reportage on New Hong Kong Daily Issue

Daily Barred From Meeting

HK2206154295 Hong Kong AFP in English
0257 GMT 22 June 95

[FBIS Transcribed Text] Hong Kong, June 22 (AFP)—China has barred reporters from the new Chinese-language newspaper Apple Daily, owned by an outspoken critic of the mainland, from covering a meeting in Beijing, the newspaper said Thursday.

The newspaper, which made its debut on Tuesday, said under the headline "Only an Apple, what does Beijing have to fear," that three of its reporters were refused permits to cover the meeting of the Preliminary Working Committee (PWC).

The newspaper quoted an official of Beijing's Hong Kong and Macao Affairs Department as saying that "media coverage by Hong Kong has reached its quota."

Apple Daily said it had first submitted its application earlier this month for attendance at the meeting, but was turned down after three attempts.

Beijing would not elaborate on its refusal to admit to the meeting reporters from the daily owned by Jimmy Lai, the founder and owner of the clothing store chain Giordano, who is known for his vocal criticism of Beijing leaders.

The PWC, the body set up by Beijing to prepare the post-1997 Hong Kong administration, began its

three-day meeting in Beijing Thursday to discuss Hong Kong's economy in the two-year run-up to China's takeover in 1997.

In past weeks, the newspaper has stirred up controversy by alleging that a Hong Kong newspaper cartel had threatened its journalists and ordered distributors not to sell it.

Editorial Criticizes Ban

HK2306064895 *Hong Kong SOUTH CHINA MORNING POST* in English 23 Jun 95 p 18

[Editorial: "Ban Leaves Sour Taste"]

[FBIS Transcribed Text] Publisher and garment magnate Jimmy Lai Chee-ying may not be the apple of Beijing's eye but that is no reason to refuse accreditation to journalists from his newspaper attempting to cover the Preliminary Working Committee (PWC) plenum.

To exclude Apple Daily reporters on the grounds that there is already an established pool of reporters covering the PWC and that it is "not convenient" to accredit new media, discriminates between newspapers and between readers. Those who have chosen to rely on the new newspaper as their prime source of information are deprived of first-hand reporting.

Moreover, if, as will be assumed, the real aim is to punish Mr Lai and bring his newspaper to heel, the ban is a clear threat to the freedom of the press to report events as it sees fit. All that is clear to the Government and media in Hong Kong. The freedom of the press, and the freedom to comment and criticise, are a cherished part of the Hong Kong tradition.

Newspapers which overstep the mark and libel or defame an individual official can be sued. But they do not expect to be banned from covering an event or refused accreditation to a meeting open to their colleague on the basis of the Government's relationship with their proprietor.

The same principles may not be obvious to the Government in Beijing, which is unused to allowing the media the same freedoms they enjoy here. However, if this may be excused once as a cultural misunderstanding, it cannot be allowed to continue without comment or complaint. Under the Basic Law, China has guaranteed the freedom of the press and the freedom of expression. Chinese leaders may not understand or enjoy the idea that the same freedoms should apply to coverage of China for Hong Kong readers.

But they should realise that "one country, two systems" means giving the Hong Kong-based media the freedom

to report to a Hong Kong readership under the Hong Kong system.

PWC members Tam Yiu-chung and Professor Lau Siu-kai, who have spoken out against the ban, deserve credit for understanding the importance of giving Apple the same access as other media. Their colleagues should have the courage to be equally forthright. They are failing in their duty to Hong Kong if they fail to support the territory's traditional freedoms.

Wei Jianxin Meets With Hong Kong Businessman
OW2206172195 *Beijing XINHUA* in English
1636 GMT 22 Jun 95

[FBIS Transcribed Text] Beijing, June 22 (XINHUA) — Wei Jianxin, secretary of the Beijing Municipal Committee of the Communist Party of China (CPC), met here today with Li Ka-Shing, chairman of the board and managing director of Cheung Kong (Holdings) Ltd. of Hong Kong, and his party.

Wei, who is also a member of the Political Bureau of the CPC Central Committee, said that the Oriental Plaza is a big project in Beijing and many parties are very concerned about it.

Cheung Kong (Holdings) Ltd. has investment in the project which is to be located in Wangfujing, downtown Beijing.

There have been rumors that the plaza project is connected with the case of Wang Baosen, Wei said, adding, "these rumors are groundless."

Wei expressed the hope that the two sides can strengthen co-operation and improve the plaza's design, so that it will better accord with Beijing's function as the capital and the city's overall planning for urban development.

Wang, who was a vice-mayor of Beijing, committed suicide in April when faced with an imminent investigation into economic irregularities and crimes.

Wei said the CPC Central Committee has solved the Wang Baosen case in time and Beijing's current overall situation is good. Work in all fields of the city is progressing as usual, he added.

Recently, he went on, the Municipal Party Committee and government decided to set up an economic strategy research panel, composed of experts, scholars, and officials that will make suggestions on Beijing's long-term economic strategy using all the capital's possibilities, based on studies and research.

He stated that circumstances here demand that we give a big push to the local economy, improve reforms and

the opening up to the outside world and social progress in every way.

"We hope to bring in more investment from foreign countries, and from Hong Kong and Macao regions, and make new progress in using high and new technologies, upgrading existing businesses technically, in building infrastructure, and housing projects.

During the meeting, Li Ka-Shing, expressing confidence in his investment in Beijing and in the mainland as a whole, spoke of his willingness to further bilateral co-operation.

Experts: Port Development To Harm Environment

HK2406050095 Hong Kong SOUTH CHINA MORNING POST in English 24 Jun 95 p 1

[By Chris Yeung in Beijing]

[FBIS Transcribed Text] A senior Chinese official yesterday cast doubt on the economic feasibility of Hong Kong's ambitious ports development strategy.

A member of the Hong Kong and Macao Affairs Office said there could also be a serious environmental impact on the territory if large areas of water off Lantau Island were reclaimed for use as container terminals.

Under government plans, Container Terminals 10 and 11 will be built off north Lantau. They will be followed later by CT12 to CT15. The official, who did not want to be named, said environmental experts had already warned of further marine pollution if more land was reclaimed off Lantau. More importantly, he said, the Government should consider the longterm economic outlook before setting out its ports strategy and "not just think of 1997 as the deadline".

"The cost of container terminals in Hong Kong has already surged. It's become more expensive for importers and exporters. People should begin to consider whether it is good from an economic sense to further develop port facilities," he said. The official admitted there was another line of thinking — that the territory should continue to develop its ports to maintain its economic dynamism. But he said Hong Kong should in future consider tapping the resources of the neighbouring Pearl River delta region, such as the port facilities at Zhuhai, since so many factories were now leaving Hong Kong for the mainland.

He said Zhuhai had a deep water harbour that could be developed. Hong Kong tycoon Li Ka-shing already planned to invest there, he said. He hinted that the CT10 and CT11 projects should be delayed until after 1997. China has already rejected the Government's demand for an approval of land grants for CT10 and CT11, saying the issue should be discussed by the Joint Liaison Group (JLG).

Government officials said the territory would suffer economic losses estimated at \$78 billion from 1997 to 2011 if CT10 and CT11 were not in operation by the end of 1997. Zhang Liangdong, economic affairs head of the Hong Kong and Macao Affairs Office, revealed that the British side is prepared to give briefings to them on the ports development plan. CT10 and CT11 would be discussed at the JLG plenum next year, he said. On CT9, Mr Zhang said: "The ball is not on our side." China has demanded that the franchise of the CT9 should be open for public tender.

Breakthrough in Talks on Airport Funding

HK2406050295 Hong Kong SOUTH CHINA MORNING POST in English 24 Jun 95 p 2

[By Chris Yeung in Beijing]

[FBIS Transcribed Text] China has signalled a breakthrough in the deadlocked talks on financial support agreements for the airport.

The Hong Kong and Macao Affairs Office economic affairs chief, Zhang Liangdong, said Beijing had accepted the British demand to allow additional equity for the two corporations building the airport and the rail link. But there had to be conditions under which the Government could inject such equity, he said.

Mr Zhang said China had suggested more equity be allowed if there was a cost-overrun because of factors that "could not be controlled". These included global interest rates, fluctuation in exchange rates and natural disasters, he said. "The British demand that equity be allowed at any time under any circumstances is not acceptable," Mr Zhang said. "We hope the British side will give a prompt response to our proposal and that a final agreement could be reached as soon as possible," he said.

Asked whether the Chinese side had made concessions on the provision, Mr Zhang said he would leave that to others to judge. He said Britain had said the two corporations would have to pay about five to six per cent interest on top of the usual rate because of the lack of access to extra equity. "This is nonsense. We have talked to many banks and were told that the difference is only about 0.5 to one per cent," he said.

Many banks were keen to provide loans because of the anticipated profitability of the airport projects, he said. The overall ratio between equity and borrowing for the projects was also favourable, he said. Mr Zhang said China was keen on an early accord, because the longer the delay the higher the costs and, ultimately, the future government would suffer. He said the British side had said the new airport would be ready only by March or April 1998. "We hope an overall agreement can be reached within this month," Mr Zhang said.

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